

the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

10607. Also, petition of the members of the Beulah Rest Home, Oakland, Calif., protesting against the passage of the Black beer bill; to the Committee on Ways and Means.

10608. Also, petition of the Board of Supervisors of Contra Costa County, Calif., opposing all legislation having for its purpose the abolition of essential care and relief of war veterans; to the Committee on World War Veterans' Legislation.

10609. By Mr. CHINDBLOM: Petition of H. J. Hagerty and 50 other citizens of Lake County, Ill., urging the passage of the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

10610. By Mr. GARBER: Petition of George W. Reust, of Guymon, Okla., urging enactment of legislation to refinance farm-mortgage indebtedness; to the Committee on Banking and Currency.

10611. Also, petition of the National Conference of Organizations Supporting the Eighteenth Amendment, urging support of the prohibition laws and opposition to modification or repeal; to the Committee on the Judiciary.

10612. Also, petition urging support of railroad employees' pension bills, S. 4646 and H. R. 9891; to the Committee on Labor.

10613. By Mr. GIBSON: Petition of Rev. J. S. Garvin and 67 citizens of the town of Ryegate, Vt., urging an arms embargo; to the Committee on Military Affairs.

10614. By Mr. GRANFIELD: Petition of Walter J. La Francis and other citizens of Springfield, Mass., relating to unemployment, mass production, and the revaluation of the gold ounce; to the Committee on Ways and Means.

10615. Also, memorial of the House of Representatives of the General Court of Massachusetts, opposing the proposed closing in whole or in part of the Boston Navy Yard at Charlestown, Mass.; to the Committee on Naval Affairs.

10616. Also, memorial of the City Council of Northampton, Mass., relating to the enactment of House Joint Resolution No. 191 and Senate Joint Resolution No. 105 commemorating the one hundred and fiftieth anniversary of the naturalization as an American citizen in 1783 of Bvt. Brig. Gen. Thaddeus Kosciuszko; to the Committee on the Post Offices and Post Roads.

10617. By Mr. HAINES: Letter signed by Alfred H. Billet, general secretary United Wall Paper Crafts of North America, 108 South Richland Avenue, York, Pa., transmitting a proposed amendment to the Constitution of the United States concerning hours of labor, etc.; to the Committee on the Judiciary.

10618. By Mr. HOOPER: Petition of residents of Battle Creek, Mich., protesting against the passage of House bill 13742 or any other measure that would override the eighteenth amendment, but instead employ means to make national prohibition more effective; to the Committee on the Judiciary.

10619. By Mr. KVALE: Petition of 1,231 citizens of Brown County, Minn., including business and professional men, bankers, farmers, and laborers, presented by Oliver C. Amundson, chairman of a volunteer committee, urging enactment of the Frazier bill, or any other measure containing similar features for extension of agricultural credit; to the Committee on Banking and Currency.

10620. Also, petition of Bricklayers, Masons, and Plasterers International Union of America, St. Paul, urging enactment of Senate bill 5125; to the Committee on Banking and Currency.

10621. Also, petition of C. A. Zwiener, department adjutant for the American Legion, Department of Minnesota, protesting against the enactment of the Bratton amendment to Treasury and Post Office bills; to the Committee on Appropriations.

10622. Also, petition of Local No. 14, National Federation of Federal Employees, Fort Snelling, Minn., protesting against the enactment of the Bratton amendment; to the Committee on Appropriations.

10623. Also, petition of P. T. A. of Litchfield, Minn., urging enactment of Senate bill 3770; to the Committee on Interstate and Foreign Commerce.

10624. Also, petition of Federal Employees Union, No. 43, St. Paul, Minn., protesting against enactment of the Bratton amendment; to the Committee on Appropriations.

10625. By Mr. LAMBERTSON: Resolution of the Lawrence Clearing House, Lawrence, Kans., opposing the passage of the Stevenson bill, H. R. 13855; to the Committee on Banking and Currency.

10626. By Mr. LONERGAN: Petition of the Common Council of New Britain, Conn.; to the Committee on the Post Office and Post Roads.

10627. Also, petition of the Common Council of Stamford, Conn., memorializing Congress to issue special postage stamp in honor of Brig. Gen. Thaddeus Kosciuszko; to the Committee on the Post Office and Post Roads.

10628. By Mr. MARTIN of Oregon: Resolution of the Colonial Council for St. Thomas and St. John, Virgin Islands of the United States, urging that the municipality be placed under the Navy Department; to the Committee on Naval Affairs.

10629. By Mr. SNELL: Petition by residents of Essex County, relative to the eighteenth amendment and House bill 13742; to the Committee on Ways and Means.

10630. By Mr. SUTPHIN: Petition praying for the enactment of House Joint Resolution 191 and Senate Joint Resolution 105 commemorating the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment as brevet brigadier general of Thaddeus Kosciuszko; to the Committee on the Judiciary.

10631. By Mr. WATSON: Petition with 37 signatures from Bucks County, Pa., urging the elimination of aliens in making future apportionments for congressional districts; to the Committee on the Judiciary.

SENATE

THURSDAY, FEBRUARY 23, 1933

(Legislative day of Tuesday, February 21, 1933)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Johnson	Russell
Austin	Couzens	Kean	Schuyler
Bailey	Cutting	Kendrick	Sheppard
Bankhead	Dale	King	Shipstead
Barbour	Davis	La Follette	Shortridge
Barkley	Dickinson	Logan	Smith
Bingham	Dill	Long	Smoot
Black	Fess	McGill	Steiwer
Blaine	Fletcher	McKellar	Stephens
Borah	Frazier	McNary	Swanson
Bratton	George	Moses	Thomas, Idaho
Brookhart	Glass	Neely	Thomas, Okla.
Broussard	Glenn	Norbeck	Townsend
Bulkley	Goldsborough	Norris	Trammell
Bulow	Gore	Nye	Tydings
Byrnes	Grammer	Oddie	Vandenberg
Capper	Hale	Patterson	Wagner
Caraway	Harrison	Pittman	Walcott
Carey	Hastings	Reed	Walsh, Mass.
Clark	Hatfield	Reynolds	Watson
Coolidge	Hayden	Robinson, Ark.	White
Copeland	Hebert	Robinson, Ind.	

Mr. SHEPPARD. I desire to announce that the junior Senator from Montana [Mr. WHEELER] and the junior Senator from Texas [Mr. CONNALLY] are detained from the Senate by illness.

I also wish to announce that the senior Senator from Montana [Mr. WALSH] and the junior Senator from Illinois [Mr. LEWIS] are necessarily out of the city.

Mr. NORRIS. I wish to announce that my colleague [Mr. HOWELL] is detained from the Senate by reason of illness.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of Tuesday and Wednesday, February 21 and 22, 1933.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 14458) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, the pending item being the appropriations for the Federal Trade Commission.

"THE SPIDER WEB OF WALL STREET"

[Mr. NORRIS continued and concluded the speech begun by him yesterday, which follows entire:]

Wednesday, February 22, 1933

Mr. NORRIS. Mr. President, every year, I believe, since the creation of the Federal Trade Commission, or at least every year for quite a number of years back, we have had a test in the Senate on the question of making appropriations for the activities of that commission. At the very beginning the establishment of the Federal Trade Commission was fought viciously by the great combinations, corporations, and monopolies of the country. In my judgment, we have never had any commission, committee, or organization of a governmental character that, for the money expended, has done as much good for the people of the United States as has the Federal Trade Commission.

It is true, I believe, that there are men connected with the Federal Trade Commission, one of whom, indeed, is a member of the Federal Trade Commission, who do not have any sympathy with the very objects for which that commission was created. That accounts, perhaps, for the fact that nearly every year the appropriation for that body has been cut down and that as the bill providing for it comes to the Senate the Federal Trade Commission is practically wiped off the map. The Senate has been in the habit of increasing the appropriation and getting something out of its amendment in conference with which that commission has been staggering along.

A few years ago the Senate adopted a resolution imposing upon the Federal Trade Commission a task that was greater than any that had ever been previously placed upon it. I refer to the investigation of the so-called Power Trust. It has been proceeding to perform that task for several years past. I repeat, Mr. President, that I believe no money has ever been appropriated by Congress for which more value has come to the people of the country than that which has been appropriated for the activities of the Federal Trade Commission. The resolution to which I refer placed upon the Federal Trade Commission the burden of making an investigation of the public-utility question. Developments coming from that investigation have shown that perhaps never in the history of the country—indeed, never in the history of civilization—have combinations and corporations been more active in trying to build up a trust, a monopoly, for a particular business than have the power interests of the United States.

The trade organization of the power industry is known as the National Electric Light Association. The commission's investigation showed that the tentacles of this trust had reached out into every community in the United States. Nothing was too small for them to go into or to look after; nothing was too great for them to aspire to control. They looked after the nominations and elections of men who were candidates for President of the United States. They went down the line and were active in the election of members of school boards in some of the small villages and towns of the United States. They had their secret agents scattered all over the United States under various disguises. They had as agents women who addressed meetings of women's clubs; they had their agents entering secret societies. Professors in colleges were employed under the

secret pay of this trust. Newspapers were bought; millions of dollars were invested for that purpose; newspapers were controlled by advertising matter. Churches and pulpits were invaded, and an army of men and women in the secret pay of this great trust were trying to control the sentiment of the people of the United States. They invaded the public schools—secretly always—for the purpose of poisoning the minds of the children in those schools, trying to influence their youthful minds and shape them along lines that would lead them to acquire the viewpoint of the Power Trust.

The investigation of the Federal Trade Commission into the activities of this trust has been underway for two or three years, and the National Electric Light Association has been put in disrepute before honest people everywhere because of the activities in which the investigation showed they had engaged.

Mr. President, recently the National Electric Light Association has dissolved; the members of that old organization have reformed and have created a new organization called the Edison Electric Institute. It has been named after a great man whose name is venerated wherever there is a progressive people anywhere in the world. The members of the new organization are going to take advantage of that name. I have here an Associated Press dispatch sent from New York on February 14, which says, in part:

The National Electric Light Association will be formally disbanded to-morrow, just three years short of rounding out a half century of existence.

They had been in existence and doing the kind of business to which I have referred for 47 years before they were discovered. The article goes on to say:

In the later years of its existence the association of "NELA," as it became known in the industry, came under scorching fire from several sources for its propaganda and lobbying activities, and several prominent public-utility executives have expressed the hope that the industry will gain in favor through the demise of "NELA."

Mr. President, if they have really reformed, if the great National Electric Light Association, exposed by the investigation conducted by the Federal Trade Commission have really gotten religion, if they have really been converted, no one will be more delighted than I.

This new organization in its constitution gives its executive committee almost absolute power over the control of its membership. It can call upon any member for any information as to its method of keeping books or any other thing connected with its organization, and the information must be supplied or the member is liable to expulsion. Therefore it becomes important to consider who are the trustees and officers of this great power organization.

At the time of the adoption of its constitution 22 trustees were selected to handle the affairs of the institute, and they proceeded to elect officers. The first peculiar thing we find about it is that the president of the old National Electric Light Association becomes the president of the new christianized association.

The next important thing we notice is that the vice president of the old association that had been caught and its methods of dealing for the last 47 years with the people of the United States had been exposed—the vice president of that old association becomes vice president of the new purified association.

The next thing we notice is that the executive secretary of the old association, who was very active in its management and under whose administration these sins, wrongs, and crimes against humanity and against the people of the country had been exposed, becomes the new executive secretary. The treasurer of the old organization, the man who handled the funds of the old organization, was likewise retained. That organization handled pretty large funds, for, as Senators will remember, one of the things that the investigation by the Federal Trade Commission disclosed was that they set aside \$400,000 just to handle the United States Senate at one session. I think in the depression probably they would not need so much to handle the same number of men, but they thought we were pretty high-

priced fellows, although there were only three things in which they were interested. First they wanted to defeat the Boulder Dam bill which was then pending; second, they wanted to defeat Muscle Shoals legislation which was then pending; and, third, they wanted to defeat the resolution which provided that they should be investigated. The treasurer of the old organization becomes the treasurer of the purified organization; so that they start out with the same officers; they start out without any change in officers; they are, from top to bottom, just the same as they were under the old organization that had been caught red-handed.

Mr. President, I think it would be interesting if we took up these trustees now. Let us see who they are, and what their connections are, and whether they were connected with any of these organizations that have been investigated and exposed.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. BLACK. Did they change the residence of the association when they changed its name?

Mr. NORRIS. No.

Mr. BLACK. It still lives in the same State, the same locality?

Mr. NORRIS. Yes.

Senators will recollect that through interlocking directorships between banks dominated by Morgan and through the control of the Morgan-founded, Morgan-operated United Corporation, this banking house, within the past few years, has come into a position of absolute dominance in the power business. Take its United Corporation: It was founded early in 1929. United Corporation has substantial control of Columbia Gas & Electric Co., a far-flung holding corporation; the Niagara Hudson Power Corporation, which dominates the up-State utility picture in New York; and the Commonwealth & Southern Corporation, another huge power group. I shall have more to say in regard to that in the future.

I had assistants working on a chart that charted the United Corporation, which I have just mentioned. Some of the statistics and some of the information we were not able to get. I expected to have it, so that I could put it up beside these other charts on the wall and show to the Senate just how this United Corporation, controlled by Morgan in the public-utility field, spreads all over the United States; but we were unable to assemble all the information, and I shall have to wait until some future date for the information that that would convey.

United Corporation also is buying into Electric Bond & Share, which in the past has been headed by Sidney Z. Mitchell, who, with Insull, dominated the old-time National Electric Light Association.

At the present rate of progress, Morgan will soon control the industry. That famous banking house is already well on the road in that direction. The record of the functioning of these various Morgan-controlled corporations in this new Edison Electric Institute will bear watching.

Is it because Morgan wishes to complete the picture of his control of the power industry that his power executives dominate 18 of the 22 trustees of this new organization?

An examination of the connections of the trustees of the Edison Electric Institute and the showing as to the interlocking directorships between bankers and the companies and the interlocking directorates between banking houses which also have interlocking directorates with the companies headed by the trustees of the Edison Electric Institute shows that of the 22 trustees of the new organization, 18 are so closely linked to the Morgan-Carlisle-United Corporation interests that it would be impossible to have the slightest independence of action.

Now let us consider some of these trustees. Who is Mr. Carlisle, for instance?

Carlisle is an upstate New York banker who launched into the power industry several years ago. His greatest rise, however, has been since he, acting for Morgan, moved into control of the upstate Niagara Hudson Power Co. and

the Consolidated Gas Co., which controls the electric and gas picture in the city of New York, and is one of the real powers in the Morgan-owned United Corporation. United Corporation in December, 1931, controlled about 22 per cent of the voting strength of Niagara Hudson. Carlisle and other Morgan operators have enough stock to make this working control absolute.

Mr. Carlisle's investment company, known as F. L. Carlisle & Co., had about a 33 per cent control of the New England Power Association, a public-utility group, when that organization was founded, and when it wrote up its assets by \$17,000,000, according to the records of the Federal Trade Commission's investigation of utilities.

That is found on page 362, volumes 31 and 32. So Mr. Carlisle, one of the trustees of this holy institute, was the head of an institution that the Federal Trade Commission shows put \$17,000,000 of water into the capitalization.

It is interesting to note that since the organization of the Niagara-Hudson Power Co., J. P. Morgan & Co. are always the head of the banking syndicate that handles the public offerings of the securities of the Niagara Power Co.'s subsidiary corporations.

Here are some of the samples:

In 1931 one of the subsidiaries, the Buffalo General Electric Co., floated general and refunding mortgage 4½ per cent gold bonds due February 1, 1981, to the amount of \$20,000,000. It is interesting to note who handled the bonds. Here are the bankers who did it:

J. P. Morgan & Co.; Bonbright & Co.; First National Bank; National City Co.; Guaranty Co. of New York; Bankers Trust Co. of New York; Chase Securities Corporation; Lee, Higginson & Co.; Bancamerica-Blair Corporation; and Schoellkopf, Hutton & Pomeroy, Buffalo, N. Y.

Note these names. I am going to repeat them a good many times before I get through with these charts that are on the wall. You will become familiar with them. These are the banking institutions that handled the bonds of this Morgan-controlled subsidiary of the new Edison Electric Institute.

In 1932 the Niagara Falls Power Co., another one of the subsidiaries, floated first and consolidated mortgage 5 per cent gold bonds, due in 1959, to the amount of \$2,000,000. Who handled that? J. P. Morgan & Co.; Bonbright & Co.; Schoellkopf, Hutton & Pomeroy.

Then in the same year, 1932, the Utica Gas & Electric Co., another one of the subsidiaries, floated \$2,000,000 in 20-year general mortgage 5 per cent gold bonds. Who handled them? J. P. Morgan & Co.; Bonbright & Co.; Schoellkopf, Hutton & Pomeroy.

So that gives the Senate an idea of Mr. Carlisle's connections. Incidentally, do not forget that we always find him in the Morgan group.

George H. Howard is another trustee of this converted, Christianized Edison Electric Institute. Who is he? Why, he is president of the United Corporation. That, remember, is the corporation I have been talking about. That is the corporation that controls the electric-light companies of the subsidiaries in the public-utility business from New York to San Francisco and from the Canadian line to the Gulf. That is the corporation as to which I wanted to have a chart here, showing how they were connected, but was not able to get it ready.

Mr. Howard has associated with him as directors in various enterprises Harold Stanley, a Morgan partner; Landon K. Thorne, another Morgan associate; George Whitney, a Morgan partner; and Alfred L. Loomis, a co-director in the Morgan-controlled Bankers Trust Co.

Now let us take up Mr. B. C. Cobb, another one of the trustees. He is another of the Morgan triumvirate. He has been chairman of the finance committee of the National Electric Light Association. That is the one they got ashamed of and disbanded, you know. He was the head of the finance committee; so they not only have the same officers but the same fellows are going to run their finances. He is chairman of Commonwealth & Southern, a company that holds a large number of electric-light corporations, in

which the Morgan-owned United Corporation has an important, if not a controlling, interest.

Mr. Cobb was serving on the boards of the companies he operates.

Mr. Thorne, the president of Bonbright Co., a Morgan associate, who, in addition to being a director in Commonwealth & Southern, is also director of Niagara Hudson, Public Service Corporation of New Jersey, the United Gas Improvement Co., Mohawk Hudson Power Co., American Superpower Corporation, the United Utilities, and the Morgan bank, the Bankers Trust Co.

Another associate of Mr. Cobb as a director of the Commonwealth & Southern Corporation is Alfred L. Loomis, who also is a director of United Corporation, Public Service Corporation of New Jersey, American Superpower, United Utilities, and the Bankers Trust Co. Back to Morgan again!

Another associate of Cobb is the far-famed Sidney Z. Mitchell. He is head of the Electric Bond & Share group, in which Morgan, through his United Corporation, seems to be acquiring a substantial interest. Mr. Mitchell's directorships are interlocking with other Morgan-controlled corporations.

Then here is Mr. Frank D. Comerford. He is another one of the trustees. He happens to be president of the New England Power Association. He is a director of International Paper & Power and Edison Electric Illuminating Co., of Boston.

Mr. Comerford will be recalled for his testimony before the Federal Trade Commission concerning the practice of "writing up" the value of properties. In the course of his testimony it was brought out that when the New England Power Association was formed and took over the assets of the New England Power Co. it wrote up these assets by more than \$17,000,000. (Federal Trade Commission Reports, vols. 31 and 32, p. 360.) Mr. Comerford claimed that these write-ups did not affect the consumer in any way, since they were not used as a basis for rate making. That is always the claim made. Nevertheless, when any public-utility corporation is asking for new rates it always cites its capitalization, and how much it ought to be allowed to make, and that goes into figuring the value of its property, upon which, under the law, the rates must be graded. But lay that question aside. Lay the rate question aside for a moment. Forget it. This man, who is one of the trustees of this new, sanctified organization, claims in his testimony that it did not make any difference how much water they put into the capitalization, because when they figured the rate they figured it on the value of the property. But he said nothing about the poor investor; he said nothing about the poor man or woman putting savings into these corporations made up of water. By the millions they were putting water in, and the Insull fiasco is an illustration of what happened. So, if Senators will forget the man who pays the rate, and think of the men and women who are induced to part with their hard-earned cash to buy the bonds and the shares of these companies which are overinflated and oversupplied with water, they will get another viewpoint of it.

His testimony will be found in the Federal Trade Commission report, volumes 30 and 31, page 362.

Then I come to Alex Dow, another one of these trustees. He is of the Detroit Edison Co., and has associated with him as director of that company Mr. Bulkley, of Spencer Trask & Co., of New York, who is also a director of the North American Co., the Cleveland Electric Illuminating Co., the Milwaukee Electric Railway & Light Co., the Milwaukee Electric Light, Heat & Traction Co., and the Bankers Trust Co., of New York, getting back to Morgan.

He has also associated with him as a director in the Detroit Edison Co. Mr. B. A. Tompkins, vice president of the Bankers Trust Co., a Morgan bank.

Mr. William Chamberlain is another member of the board of trustees. He is president of the United Light & Power Corporation. He is a director of the International Paper Co., which is a subsidiary of the International Paper & Power Co. Mr. Chamberlain is tied in with the following Morgan associates: Mr. George Roberts and Mr. Marshall Field.

Roberts is director of the Niagara-Hudson Power Co., which is controlled by the Morgan-owned United Corporation, and Morgan's chief power dictator, Floyd L. Carlisle. Mr. Field is a director of the Columbia Gas & Electric, owned by Morgan, president of Field, Glore & Co., director of two of the Morgan New York City banks, the Guaranty Trust Co., and the Bank of Manhattan Trust Co.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. REYNOLDS. I heard the Senator a moment ago mention the name of Mr. Mitchell.

Mr. NORRIS. Yes.

Mr. REYNOLDS. He is one of the directors of that splendid institute the Senator has described so vividly. I should like to know if he is related to the Mr. Mitchell who is president of the National City Co. I make that inquiry because it is said that he testified before our Committee on Banking and Currency that in one single year that man himself earned in salaries and in bonuses the enormous, immense sum of \$2,200,000, and in the next breath admitted that those innocent people who had trusted themselves to the salesmen for the big companies the Senator has so vividly described lost millions upon millions of dollars.

Mr. NORRIS. I thank the Senator for his interruption. The Mitchell about whom I am speaking is Sidney Z. Mitchell. I can not say whether he is the same man who testified before the Senator's committee or not. There are two Mitchells. I think this was a different Mitchell.

I now come to Mr. Tidd, one of these trustees. He is president of the American Gas & Electric Co. He has associated with him in the American Gas & Electric Co. as a director Mr. Sidney Z. Mitchell, whose connections I have already noted in connection with B. C. Cobb. Also associated with Mr. Tidd as director of the American Gas & Electric Co. is Mr. C. E. Groesbeck, who is also trustee of the institute, president of the Electric Bond & Share, and a director of the Bankers Trust Co., a Morgan-controlled bank.

Mr. John Z. Zimmerman is another trustee. He is president of the United Gas Improvement, of Philadelphia. He has associated with him as director Mr. Harold Stanley, a partner of J. P. Morgan & Co., and already referred to in connection with Messrs. Chamberlain and Carlisle.

Mr. Zimmerman has also associated with him Mr. Edward Hopkinson, who is a director in the Public Service Corporation of New Jersey, also of the United Gas Improvement. He is also a partner in J. P. Morgan & Co., and in Drexel & Co., of Philadelphia.

Associated with him also is Mr. Landon K. Thorne, already referred to in connection with Cobb and Carlisle. He is another director of the United Gas Co.

Then there is Mr. Gossler, another one of these trustees. He is president of the Columbia Gas & Electric Co., and has associated with him as a director in the Columbia Gas & Electric Co. Mr. Harold Stanley, partner in J. P. Morgan.

He has also associated with him Mr. Marshall Field, referred to above in connection with Mr. Chamberlain.

Associated with him also is William C. Potter, who is also a director of the Electric Bond & Share Co., and president, and director of the Guaranty Trust Co.

Associated also with him is Joseph Harriman, president of the Harriman National Bank, of New York City.

Then there is Mr. C. E. Groesbeck, another one of the trustees, who is president of the Electric Bond & Share and is a director of the Bankers Trust Co. and of the American Gas & Electric Co. He has associated with him as directors Mr. Sidney Z. Mitchell; Mr. William C. Potter, president of the American Trust Co.; Mr. L. E. Pierson, chairman of the Irving Trust Co.; Mr. Frederick Strauss, of J. W. Seligman & Co.; Mr. E. G. Merrill, chairman Bank of New York & Trust Co.; and S. S. Colt, president of the Bankers Trust Co.

Another one of these trustees is Mr. Baylies, who is president of the Edison Electric Illuminating Co., of Boston. He has associated with him as director Frank D. Comerford, who is a trustee of the institute. He is another one of the trustees. He is also president of the New England Power

Association, a subsidiary of the International Paper & Power Co., of which Mr. Comerford is also a director.

Another one of the trustees is Samuel Ferguson, who is president of the Hartford Electric Light Co., of Hartford, Conn., and who is a director of the New England Power Association.

Then there comes Mr. Harry J. Bauer, president of the board of the Southern California Edison. As far as I know, he is not connected with any Morgan institution.

George B. Cortelyou is president of this great institute, as well as one of the trustees. Senators will remember him, certainly, in connection with the activities of the National Electric Light Association, in trying to control the action of the United States Senate. Senators will remember that this great association employed two ex-Senators to appear before the committee to which had been referred the resolution of investigation. The evidence showed the fees they were paid, and, as far as any evidence I have ever seen is concerned, that was the only service they rendered.

Mr. COSTIGAN. Mr. President—

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. I yield.

Mr. COSTIGAN. Was any accounting ever made of the expenditure of the \$400,000 referred to by the Senator from Nebraska?

Mr. NORRIS. Yes. The Federal Trade Commission, in its investigation, showed just how the money was spent. They itemized it somewhat in their report, and the fees paid to the attorneys were a part of the report. That is all in the record. I think I had it put in the CONGRESSIONAL RECORD at another time, but I do not remember the details of it now.

Mr. Cortelyou is president and also a member of the board of trustees of this Edison Electric Institute. He was also president of the National Electric Light Association, which has just gone out of business, and which was displaced by the Edison Electric Institute.

Associated with Mr. Cortelyou as a director of the Consolidated Gas Co. is Mr. Charles E. Mitchell. I will say to the Senator from North Carolina that I think that is the Mitchell who testified before his committee yesterday. He is associated with Mr. Cortelyou as a director of the Consolidated Gas Co. Mr. Mitchell is chairman and director of the National City Bank of New York, and he is also director of the American Foreign Power Co.

Associated with Mr. Cortelyou also is Mr. George Whitney, one of Mr. Morgan's partners. He has also been referred to in connection with Mr. Howard and with Mr. Cortelyou as a director of the Consolidated Gas Co. of New York.

Mr. Muhlfeld is another one of these trustees. He is a director of Stone & Webster, and has associated with him as a director Mr. Charles A. Stone, who is also a director of the Chase Securities & North American Co.

Senators, particularly from the West, will recognize the firm of Stone & Webster. They go clear to the Pacific coast from the Middle West, and are interested in the generation and distribution of electricity in many places. They operate in Washington; they operate in Los Angeles; they operate up and down the coast and a great distance east of the coast.

Mr. Edwin Gruhl is another trustee. He is president of the North American Co., and associated with him is Mr. Bulkley, noted above in connection with Mr. Dow, and also Mr. Charles A. Stone, chairman of Stone & Webster, who is also director of the Chase Securities Co., and is mentioned above in connection with Mr. George O. Muhlfeld.

Mr. Hockenbeamer is another trustee. He is president of the Pacific Gas & Electric Co., the North American Co., whose chief financial influence is the Morgan-controlled Bankers' Trust Co., and is the most important stockholder in Pacific Gas & Electric Co.

Mr. McCarter is another trustee. He is president of the Public Service Electric & Gas Co., of Newark. Associated with Mr. McCarter as director is Mr. Landon K. Thorne,

noted above, and Mr. Alfred L. Loomis, noted above, and Mr. Hopkinson, also noted in connection with Mr. John E. Zimmerman.

Mr. John J. O'Brien is another trustee. He is president of Byllesby & Co., and director of the Pacific Gas & Electric Co.

Mr. H. Hobart Porter is president of the American Waterworks Electric Co.

Mr. Herbert A. Wagner is president of the Consolidated Gas, Electric Light and Power Co., of Baltimore.

Mr. James Simpson is the chairman of the board of the Commonwealth Edison Co.

There is no record that Mr. Porter, Mr. Wagner or Mr. Simpson are in any way controlled by the Morgan-Carlisle-Cobb-Howard group. The same is apparently true of Mr. Harry J. Bauer, chairman of the board of the Southern California Edison Co., another director of the institute.

A careful review of the record will show that all of the gentlemen, except the four I just mentioned, are tied through interlocking directorships of banks and utility corporations as being associated with and either dominated or partially controlled through association with the new Morgan utility empire. So here we have this new Edison Electric Institute controlled as was the National Electric Light Association in its final year, by this Morgan-Carlisle group. Are they merely pulling the wool over our eyes by their new purification efforts and at the same time getting into a position to still further dominate the industry in which they now have practical working control?

Mr. President, I believe that an examination will show that the old National Electric Light Association still lives in spirit; that these men have had no change of heart. If they had, why have they not individually and personally announced that they were going to quit the holding company business, that they were going to stop the methods by which they control generation and distribution of electricity all over the United States? They themselves claim that they have 87 per cent control of all the electric-light facilities in the United States. I believe it, and I think I shall continue to believe it until we have some concession from these men, some of whom were caught red-handed pouring water into the capitalization, and others of whom were interested in the propaganda spread all over the country to deceive the American people. It is my opinion that the National Electric Light Association have only changed their shirt and the shirt they are putting on now is just as dirty as the one they have taken off.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. Certainly.

Mr. LONG. I have been out of the Chamber momentarily. What is the change to which the Senator refers?

Mr. NORRIS. The National Electric Light Association has changed to the Edison Electric Institute. They have given a new name to an old institution.

Mr. President, I have referred several times to the Commonwealth & Southern Corporation. Incidentally the Commonwealth & Southern, one of these holding companies, is one of the corporations which the Federal Trade Commission has not yet investigated. We have appropriated money to-day that will enable them to carry their investigation into this group. I want to outline briefly just what the Commonwealth & Southern Corporation is.

The Commonwealth & Southern Corporation is one of the utility combines upon which the Federal Trade Commission has not started work as yet, and most certainly will not before June 30. It is one of the 22 companies listed by the commission for investigation in the next fiscal year and will be investigated at that time, I hope.

Commonwealth & Southern controls, through direct ownership of practically 100 per cent of common stock, the following companies, among others: Alabama Power Co., Tennessee Electric Power Co., Gulf Power Co., Mississippi Power Co., South Carolina Power Co., Georgia Power Co. It controls others similarly in Pennsylvania, Illinois, Indiana, and Ohio.

The southern companies listed came into Commonwealth & Southern control through the Southeastern Power & Light Co., which formerly headed up this group of companies in the Southeast. In May, 1929, Commonwealth & Southern Corporation was formed and acquired more than 90 per cent of the common stock of this Southeastern Power & Light Co. Subsequently, Southeastern Power & Light Co. was merged into Commonwealth & Southern, along with three other holding companies much like Southeastern, but operating in other regions.

Just imagine what that means. If we take the language of the last two or three sentences to which I have given utterance, and analyze it, we will find out how the ordinary person may be deceived, unless he selects an expert to help him, and if he be an expert he will require considerable time to trace out the holdings, the swallowings, the buying out and selling out of these various corporations one to the other, one holding company getting control of another holding company, and so on down the line.

The other three holding companies which I have just mentioned as taken over were the Commonwealth Power Corporation, the Penn-Ohio Edison Co., and the Allied Power & Light Corporation.

The Commonwealth & Southern system, in the South, serves Pensacola, Fla.; Chattanooga and Nashville, Tenn.; Anniston, Birmingham, Montgomery, Gadsden, and Mobile, Ala.; Charleston and Aiken, S. C.; Atlanta, Augusta, Columbus, Macon, and Rome, Ga.; and Biloxi, Hattiesburg, and Meridian, Miss.

The vast extent of the system in the Middle West, as well as in the South, is tersely expressed in Moody's Manual of Public Utilities for 1932, which says:

The operating companies serve over 2,600 cities, towns, and communities, in a territory having a population estimated to be in excess of 9,000,000, located in 11 industrial and agricultural States—Michigan, Ohio, Indiana, Illinois, Tennessee, Pennsylvania, South Carolina, Georgia, Alabama, Mississippi, and Florida, furnishing electricity to 1,046,971 customers' meters and gas to 218,002 customers' meters.

The system had consolidated assets at the end of 1931 of \$1,155,760,000. Its consolidated gross earnings in 1931 were \$130,000,000, and in 1932 were \$114,000,000. Its net income, after expenses, taxes, retirement reserve, and fixed charges, but before preferred dividends, was, in 1931, \$22,369,000; and in 1932 was \$13,243,000.

Commonwealth & Southern Corporation had outstanding at the end of 1932, 33,673,328 shares of common stock without par value. As of the end of 1931 there were nearly 160,000 common-stock holders and about 181,000 stockholders of all classes.

All of this information is contained in Moody's Manual and Moody's Cumulative Manual Service.

From Holding Company Control of Licensees of the Federal Power Commission, a report of a survey made under the direction of the Power Commission last year, it is clear that the Commonwealth & Southern Corporation, huge as it is, is only one of the units in the great Morgan power combine that has been put together in the last 10 years. The Power Commission's report shows this, without comment, through the record of stockholdings. According to this report, the Commonwealth & Southern Corporation had outstanding in June, 1931, 34,011,010 shares of common stock, or several hundred thousand more than remained outstanding at the end of 1932. Of the thirty-four million-odd shares outstanding in the middle of 1931, the American Super-Power Corporation held 4,571,663, or 13.4 per cent; United Corporation held 1,793,270, or 5.3 per cent; and United Gas Improvement Co. held 975,446, or 2.9 per cent. The holdings of these three made a total of 7,345,379, or 21.6 per cent.

The foregoing figures are contained in the "holding company control" report on page 8. The United Corporation is the giant investment trust, or investment company, of the Morgan interests in the utility field. The United Gas Improvement Co. has 26.1 per cent of its common stock held by the United Corporation. The American Super Power Corporation is closely related to these others. Moreover,

besides the 21.6 per cent of Commonwealth & Southern common stock held by American Super Power, United Corporation, and United Gas Improvement, an additional 6 per cent of Commonwealth & Southern common stock is held by the Electric Bond & Share Co. There are also certain stock interrelationships between Electric Bond & Share and the other corporations named.

Since the Power Commission's report was prepared there has been some building up of holdings in Commonwealth & Southern, by the American Super Power Corporation at least. Moody's Manual Service lists the holdings of the American Super Power Corporation in Commonwealth & Southern Corporation, as of December 31, 1932, as 5,000,000 shares of common stock and 2,721,447 option warrants.

[At this point Mr. Norris yielded the floor for the day.]

Thursday, February 23, 1933

Mr. NORRIS. Mr. President, when the Senate took a recess last night I had about reached the point where I was going to give some illustrations of corporate control. The particular subject about which I was talking was the investigation of the Power Trust by the Federal Trade Commission. But every student of the subject will learn before he investigates it very far that it is only one of the incidents of corporate control that needs investigation. The Federal Trade Commission has stated that on its own motion it intended to take up an investigation of corporations generally and their general control of the business of the country.

Mr. BORAH. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. NORRIS. Certainly.

Mr. BORAH. I want to ask the Senator if he has seen a book just published by Upton Sinclair on Wall Street, entitled "Upton Sinclair Presents William Fox"?

Mr. NORRIS. Yes; I have the book.

Mr. BORAH. I think it is one of the most remarkable stories in regard to such matters that I have ever read.

Mr. NORRIS. I have not yet read all of it, but the part which I have read indicates that it is a very remarkable story.

Mr. President, I wish now rather to broaden the scope of my discussion of the question by taking in corporations in general. The control of the public-utilities business, the electric-light business, is important, because it reaches into every home in the land, but it is only one of the illustrations of the control, by combinations of money, of practically all of the business of the Nation.

I desire at this point to give a list of eight leading banks in New York City, as follows:

Bank of America National Association, Bank of Manhattan Trust Co., Bankers' Trust Co., Chase National Bank, Chemical Bank & Trust Co., Guaranty Trust Co., National City Bank Co., New York Trust Co.

Almost any list of the large banks of Wall Street could be taken and the result would be about the same, but I have selected this list, because to take all the banks and gather the facts in regard to them would mean a job that would require months of toil.

The eight banks on the list I have given have 287 directorships in insurance companies; they have 301 directorships in other banks. That shows how they are interlocked with other banks. They have 521 directorships in public-utility companies. That shows how they reach out over the country and handle the public-utility business of the country. These eight banks have 585 directorships in railroad, steamship, and airplane transportation companies. So we can not eliminate or reduce an appropriation for airplanes without treading on the toes of the money power of Wall Street.

Mr. LONG. Mr. President, will the Senator from Nebraska yield to me for just a moment?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. Their corporate control of the Power Trust does not differ materially from their control of anything else, does it?

Mr. NORRIS. No; it is about the same as in the case of any other corporation.

These eight banks—and they are only a part of the great combination of wealth represented by banks in Wall Street, which are operating through interlocking directorships—have directorships in 846 manufacturing companies. So there are 846 corporations engaged in all lines of manufacturing that these banks, either directly or indirectly, control, because the man who controls or the men who control the money of the country also control the country, as the Senator from Oklahoma [Mr. THOMAS] so well said yesterday. Let a combination of men control the finances of the United States, and they control all the activities of all the people of the United States. These 8 banks have 1,201 directorships in other corporations, making a total of 3,741 directorships held by the 8 banks in various corporations.

Now I want to take a little larger list of banks. I am going to include these 8 and add enough more to include 24 banks and trust companies in New York, and, so that any student who may want to examine into the question may have a little more detail, I will give the names of these 24 banks which I use in this illustration. They are the American Exchange Securities Corporation; Anglo-South American Trust Co.; Bancamerica-Blair Corporation; Bank of America, National Association; Bank of Manhattan Trust Co.; Bank for Savings in the City of New York; Bankers' Trust Co.; Bronx County Trust Co.; Brooklyn Trust Co.; Central Hanover Bank & Trust Co.; Chase National Bank; Chemical Bank & Trust Co.; City Bank Farmers' Trust Co.; Corn Exchange Bank & Trust Co.; First National Bank, City of New York; Guaranty Trust Co. of New York; Halsey Stewart & Co.; Irving Trust Co.; Lisman Trust Co.; Manufacturers' Trust Co.; Marine Midland Trust Co.; National City Bank of New York; New York Trust Co.; Title Guaranty & Trust Co.

Mr. President, these banks have 6,250 directorships in various corporations, including other banks.

Let me call attention here to conditions existing right in the shadow of this Capitol. The Chase National Bank, as is known, owns, or at least controls, the gas company which supplies the people of Washington with gas. Between the Chase National Bank and the gas company that operates in the city of Washington there are more than a dozen holding companies. I put the list of those holding companies into the RECORD in some remarks I made here at the last session of Congress. In addition to those holding companies there are two voting trusts that intervene between the operating company and the corporation in Wall Street that controls it. There is not any reason for this maze of holding companies, Mr. President, except to deceive the people and to make difficult, in fact, to make almost impossible, the proper regulation of public utilities.

I want to show now, Mr. President, how these holdings have been increasing, how rapidly they are going forward, how rapidly the hands of these interlocking corporations are reaching out into all fields of human endeavor and controlling gradually but surely business of a corporate nature of all kinds in the United States. I propose in a very few words to show the increase of the control of the business of the country by a few banks in Wall Street.

In 1899 there were 1,762 directorships in other corporations held by 15 commercial banks of New York City. Perhaps I had better read the names of those banks. They are: Bank of America, National Association; Bank of Manhattan Trust Co.; Bank for Savings in the City of New York; Bankers Trust Co.; Central Hanover Bank & Trust Co.; Chemical Bank & Trust Co.; Chase National Bank; New York City Bank Farmers' Trust Co.; Guaranty Trust Co.; Irving Trust Co.; Manufacturers Trust Co.; Marine Midland Trust Co.; National City Bank; New York Trust Co.; and Title Guaranty & Trust Co.

These 15 corporations in 1899 held 1,762 directorships in other corporations. In 1913, 14 years later, the same group of banks held directorships in 3,426 other corporations. In 1931 the same group of banks held directorships in 5,432 other corporations.

Let me give just a brief statement in regard to the holding of directorships in other corporations by the National City Bank at the present time. The National City Bank has 7 directorships in aviation companies; it has 41 directorships in other banks; it has 104 directorships in miscellaneous corporations; it has 44 directorships in insurance companies; it has 102 directorships in manufacturing companies; it has 29 directorships in transportation companies; and it has 115 directorships in public-utility companies.

Mr. President, I have prepared and placed on the wall here [indicating] a chart in which there is given somewhat of an analysis of the Chase National Bank, using that bank as an illustration, for the same thing would be true of almost any of the large banks I have mentioned. This chart was prepared by Mr. Frey, secretary-treasurer of the metals trades department of the American Federation of Labor. It is made up, to a great extent, from testimony taken before the subcommittee of the Judiciary Committee just a few weeks ago.

The Chase National Bank, of New York City, as shown by the chart, has 82 directors. They are named on the chart. It has in transportation companies 133 directorships; it has 236 directorships in manufacturing corporations. The transportation companies are named on the chart together with the names of the men who sit as directors. The manufacturing companies are also named on the chart, together with the names of the men who sit on the board of directors of the various corporations and who represent the Chase National Bank.

The bank has 59 directorships in other banks, and here [indicating] is the list of the banks, together with the names of the directors of the Chase National Bank who sit on the board of directors of the other banks. So the Chase National Bank is interlocked with 69 other banks.

That bank has 73 directorships in public-utility corporations, and here on the chart [indicating] is a list of the public-utility corporations upon the board of directors of each of which it has one or more directors. They have 82 directorships in insurance companies; and so that the Senate may know that these are not little local insurance companies, I have here on the chart the name of every one of those 82 insurance companies.

The Chase National Bank also has 262 directorships on miscellaneous corporations, some of the most important corporations in the United States, and they are listed on the chart.

Since I can not put the chart in the RECORD, and since I should like to have in the RECORD in connection with my remarks a complete list of these various public-utility companies, banks, manufacturing corporations, insurance companies, and miscellaneous corporations, I ask unanimous consent, without reading, to have printed at this point the names of the various corporations to which I have referred and that are already outlined and named on this chart.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

CHASE NATIONAL BANK

One hundred and thirty-three directorships in transportation companies, as follows: Adams Express Co.; Albany & Susquehanna Railroad Co.; American Express Co.; American Express Co. (Inc.); American Ship & Commerce; Aviation Corporation; Bingham & Garfield Railway Co.; Brooklyn & Queens Transit; Canadian Pacific Railway Co.; Canton, Aberdeen & Nashville Railroad; Champlain Transportation Co.; Chateaugay & Lake Placid Railroad Co.; Chicago, Milwaukee & St. Paul Railroad Co.; Chicago, Rock Island & Pacific Railroad Co.; Chicago, St. Louis & New Orleans Railroad Co.; Cincinnati, Indianapolis & Western Railroad Co.; Cleveland, Cincinnati, Chicago & St. Louis Railway Co.; Colorado & Southern Railway Co.; Cooperstown & Charlotte Valley Railroad Co.; Copper River & Northwestern Railroad Co.; Delaware & Hudson Co.; Delaware & Hudson Railroad Corporation; Denver & Rio Grande Western Railroad Co.; Dubuque & Sioux City Railroad; Eastern Steamship Lines; Erie Railroad Co.; Georgia & Florida Railroad Co.; Great Western Railway Co.; Greenwich & Johnsonville Railway Co.; Hudson & Manhattan Railroad Co.; Illinois Central Railroad Co.; International Mercantile Marine Co.; Kansas City Southern Railway Co.; Kansas, Oklahoma & Gulf Railway; Lake George Steamboat Co.; Lehigh & New England Railroad Co.; Long Island Railroad Co.; Los Angeles & Salt Lake Railroad Co.; Louisiana & Arkansas Railway Co.; Manhattan Rail-

way Co.; Mechanicsville & Fort Edward Railroad Co.; Mexican-American Steamship Co.; Mexican-Central Railway Co.; Mexican Mineral Railway Co.; Mexican Northern Mining & Railway Co.; Michigan Central Railroad Co.; Midland Valley Railroad Co.; Mississippi Valley Railway Co.; Morris & Essex Railroad Co.; Munson Steamship Line; Napierville Junction Railway Co.; National Railroad Co. of Mexico; National Railways of Mexico; Nevada Northern Railway Co.; New York & Harlem Railroad Co.; New York Central Railroad Co.; New York, Chicago & St. Louis Railroad Co.; New York, New Haven & Hartford Railroad Co.; New York, Ontario & Western Railroad Co.; Norfolk Southern Railroad Co.; North Atlantic Steamship Corporation; North River Railway Co.; Northern Pacific Railway Co.; Norwood & St. Lawrence Railroad Co.; Ontario, Carbondale & Scranton Railway Co.; Oregon Short Line Railroad Co.; Oregon-Washington Railroad & Navigation Co.; Pacific Steamship Co.; Parral & Durango Railroad Co.; Philippine Railway; Port Jervis, Monticello & Summitville Railroad; Potosi & Rio Verde Railway Co.; Quebec, Montreal & Southern Railway Co.; Ray & Gilla Valley Railroad; Rensselaer & Saratoga Railroad Co.; Rio Grande Junction Railroad Co.; Roosevelt Steamship Co.; Rutland & Whitehall Railroad Co.; St. Louis-San Francisco Railway Co.; Schoharie Valley Railway Co.; Seaboard Air Line Railway Co.; Shell Pipe Line Corporation; Societe Financiers de Transports et d'Entreprises Industrielles; South American Railway Co.; Southern Express Co.; Southern Railway Co.; Texas & Pacific Railway Co.; Texas Midland Railroad Co.; Ticonderoga Railroad Co.; Transatlantic Steamship Corporation; Transcontinental Air Transport (Inc.); Troy Union Railroad Co.; Union Pacific Railroad Co.; Wabash Railway Co.; Western Pacific Railroad Co.; West Shore Railroad Co.; Wheeling & Lake Erie Railroad Co.; Wilkes-Barre Connecting Railroad Co.; Cooperstown & Susquehanna Valley Railroad Co.

Two hundred and thirty-six directorships in manufacturing corporations, as follows: Agassot Millboard Co.; Allis-Chalmers Manufacturing Co.; Amalgamated Metal Corporation; American Agricultural Chemical Co.; American Brake Shoe & Foundry Co.; American Chicle Co.; American Colortype Co.; American Locomotive Co.; American Metal Co.; American Metal Co. of New Mexico; American Smelting & Refining Co.; American Sugar Refining Co.; American Woolen Co. of Massachusetts; American Writing Paper Co.; Armour & Co.; Art Metal Construction Co.; Atlantic Fruit & Sugar Co.; Baker Castor Oil Co.; Bethlehem Steel Corporation; Borden Co.; Borden's Farm Products Co. (Inc.); Braden Copper Co.; Britannia Mining & Smelting Co.; Brooklyn Elevator & Milling Co.; Butte & Superior Mining Co.; California Cyanide Co.; Canadian International Paper Co.; Canadian Westinghouse Co.; Cape Cruz Sugar Co.; Carter White Lead Co.; Champion Paper Co.; Champion Silk Mills; Chateaugay Ore & Iron Co.; Chazy Marble Lime Co. (Inc.); Chicago Pneumatic Tool Co.; Chihuahua Mining Co.; Coca-Cola Co.; Colorado Iron & Fuel Co.; Commercial Solvents Corporation; Companio Hispano Americano de Electricidad; Consolidation Coal Co.; Continental Banking Corporation; William Cramp & Sons Ship & Engine Building; Cranston Print Works; Cream of Wheat Corporation; Crossett & Blackwell (Inc.); Cuba Distilling Co.; Cuban Cane Products Co. (Inc.); Cuban Portland Cement Corporation; Curtiss-Wright Corporation; Dardelet Threadlock Corporation; DeHaven Razor Co.; Delaware, Lackawanna & Western Coal Co.; Dominican Molasses Co.; Dunlop Tire & Rubber Co.; E. I. du Pont de Nemours & Co.; Durable Wire Rope Co. of Boston; El Potosi Mining Co.; Endicott-Johnson Corporation; Ethyl Gasoline Corporation; Federal Mining & Smelting Co.; Federated Metals Corporation; Fidelity Sugar Co.; Flintkote Co.; Fox Film Corporation; Gallup American Coal Co.; General Cable Corporation; General Foods Corporation; General Motors Radio Corporation; Georgian Manganese Co.; General Motors Corporation; General Office Equipment Corporation; Gould Coupler Co.; Granby Consolidated Mining, Smelting & Power Co.; Granite City Steel Co.; Great Northern Paper Co.; Gulf States Steel Co.; Haenichen Bros. Silk Co.; Harrisville Paper Corporation; Hudson Coal Co.; Inspiration Consolidated Copper Co.; International Cement Corporation; International Nickel Co. (Inc.); International Paper Co.; Johns-Manville Corporation; Kelsey-Hayes Wheel Corporation; Kennecott Copper Corporation; Kildun Mining Corporation; Knickerbocker Cement Co.; B. Kuppenheimer & Co.; Lakeside Ice Co.; Lima Locomotive Works (Inc.); Locomotive Feed Water Heater Co.; Long Bell Lumber Co.; Macbeth-Evans Glass Co.; Mack Trucks (Inc.); Matanzas Sugar Co.; Matieson Alkali Works (Inc.); Mesavi Iron Co.; Mexican Lead Co.; Minneapolis-Mobile Power Implements Co.; Monel-Weir (Ltd.); Montreal Locomotive Works (Ltd.); Munsingwear (Inc.); Mutual Chemical Co. of America; Nash Motors Co.; National Bearing Metals Corporation; National Carbide Corporation; National Cash Register Co.; National Enameling & Stamping Co.; National Seal Co. (Inc.); Nevada Consolidated Copper Co.; Newmont Mining Corporation; Northern Coal & Iron Co.; Ontario Refining Co. (Ltd.); Oswego Board Corporation; Oswego Rayon Corporation; Otis Elevator Co.; Pantasote Leather Co.; Patino Mines and Enterprises Consolidates (Inc.); Phillips Petroleum Co.; Pillsbury Flour Mills (Inc.); Pond Creek Pochahontas Co.; Prairie Oil & Gas Co.; Punta Alegre Sugar Co.; R. C. A. Photophone (Inc.); Radio Corporation of America; R. C. A. Radiotron Co. (Inc.); R. C. A. Victor Co. (Inc.); Remington Arms Co. (Inc.); Remington Cash Register Co.; Remington Rand (Inc.); Revere Copper & Brass (Inc.); John A. Roebling's Sons Co. of New Jersey; John A. Roebling's Sons Co. of New York; Rome Iron Mills (Inc.); Roxana Petroleum Corporation; Ruberoid Co. (Inc.); N. J.; St. Regis Paper Co.; Schuylkill Coal & Iron Co.; Scranton & Lehigh Coal Co.;

Seaboard Oil Co. of Delaware; Shanferoke Coal & Supply Corporation; Shell Eastern Petroleum Products; Shell Co. of California; Shell Oil Co.; Shell Petroleum Corporation; Shell Union Oil Corporation; Sinclair Consolidated Oil Corporation; Skenandoa Rayon Corporation; W. & J. Sloane Manufacturing Co.; Alexander Smith Carpet Co.; A. O. Smith Corporation; Socony-Vacuum Corporation; Sombereite Mining Co.; South Porto Rico Sugar Co.; Southern Mineral Products Corporation; Southern Wheel Co.; Sunstrand Corporation; Superheater Co.; Taggart-Oswego Paper & Bag Co.; Technicolor (Inc.); Toledo Glass Co.; Towne Mines (Inc.); Truax-Traer Coal Co.; Underwood-Elliott-Fisher Co.; United Biscuit Co. of America; United States Industrial Alcohol Co.; United States Industrial Chemical Co.; United States Leather Co.; United States Rubber Co.; United States Zinc Co.; United Zinc Smelting Corporation; Vacuum Oil Co. (Inc.); Vanadium Corporation of America; Virginia-Carolina Chemical Corporation; Ward Baking Corporation; Warner Sugar Corporation; Western Electric Co. (Inc.); Westinghouse Electric & Manufacturing Co.; Wickwire Spencer Steel Co.; Wright Aeronautical Corporation; L. A. Young Spring & Water Corporation.

Seventy-three directorships in public utilities, as follows: All American Cables (Inc.); American & Foreign Power Co. (Inc.); American District Telephone Co.; American District Telegraph Co. of New Jersey; American Telephone & Telegraph Co.; Atlas Utilities & Investors Co. (Ltd.); Atlas Utilities Corporation; Brooklyn, Manhattan Transit Co.; Carolina Power & Light Co.; Central Hudson Gas & Electric Corporation; Central Mexico Light & Power Co.; Cities Service Power & Light Co.; Columbia Gas & Electric Corporation; Commercial Cable Co.; Connecticut Electric Service Co.; Eastern Massachusetts Street Railway Co.; Eastern State Power Corporation; Electric Bond & Share Co.; Electric Power & Light Co.; Fulton Light, Heat & Power Co.; General Realty & Utilities Corporation; Guanajuato Power & Electric Co.; Havana Electric Railway Co.; Interborough Rapid Transit Co.; International Ocean Telegraph Co.; International Paper & Power Co.; International Power Securities Corporation; Lehigh Power Securities Corporation; Mackay Radio & Telegraph Co.; Mexican Telegraph Co.; Michoacan Power Co.; Mohawk Hudson Power Corporation; Montana Power Co.; National District Telegraph Co.; New Orleans Public Service (Inc.); New York Power & Light Corporation; New York Rapid Transit Co.; Niagara, Hudson Power Corporation; Northern Mexican Power & Development Co. (Ltd.); Postal Telegraph & Cable Corporation; Public Service Corporation of New Jersey; Second Avenue Railroad Corporation; Standard Gas & Electric Co.; Standard Power & Light Corporation; Twin City Rapid Transit Co.; United Gas Improvement Co.; United States Electric Power Corporation; United Light & Power Co.; Utah Power & Light Co.; Warren County Electric Light, Heat & Power Co.; Western Union Telegraph Co.; Williamsburg Power Plant Corporation.

Sixty-nine directorships in other banks: Anglo-South American Trust Co.; Bankers Trust Co., Little Rock, Ark.; Bank for Savings in the City of New York; Bowery Savings Bank; Canal Bank & Trust Co., New Orleans; Central Farmers Trust Co., West Palm Beach, Fla.; Central Hanover Bank & Trust Co.; Central Savings Bank in the City of New York; Citizens National Bank & Trust Co., of Englewood, N. J.; Commercial Investment Trust Corporation; Commercial Trust Co. of New Jersey; County Trust Co. of New York; Dunbar National Bank of New York; Equitable Eastern Banking Corporation; Equitable Trust Co. of New York; Farmers Deposit National Bank; First and Second National Bank & Trust Co.; First Mechanics National Bank, Trenton, N. J.; First Seattle Dexter Horton National Bank; First Stanford National Bank & Trust Co.; Goldman Sachs Trading Corporation; Greenwich Trust Co., Greenwich, Conn.; Harris Trust & Savings Bank; International Acceptance Bank (Inc.); International Bank of Amsterdam; Lawyers Mortgage Co.; Lawyers Title & Guaranty Co.; Lawyers Trust Co.; Lee Higginson Trust Co.; Montclair Trust Co., Montclair, N. J.; Morristown Trust Co., Morristown, N. J.; Mortgage Bond Co. of New York; National Shawmut of Boston, Mass.; Northern New York Trust Co., Watertown, N. Y.; Peoples Trust Co., Malone, N. Y.; J. Henry Schroeder Banking Corporation; J. Henry Schroeder Trust Corporation; Seaman's Bank for Savings in the City of New York; Title Guaranty & Trust Co.; Union Dime Savings Bank; United States Savings Bank of New York; United States Trust Co. of New York.

Eighty-two directorships in insurance companies: Agricultural Insurance Co.; American Alliance Insurance Co.; American Constitution Fire Assurance Co.; American Eagle Fire Insurance Co.; American Home Fire Assurance Co.; American National Fire Insurance Co.; American Re-Insurance Co.; American Surety Co. of New York; Associated Reinsurance Co. of New York; Bankers & Shippers Insurance Co.; Church Life Insurance Corporation; Church Properties Fire Insurance Corporation; Continental Insurance Co.; County Fire Insurance Co. of Philadelphia; Detroit Fire & Marine Insurance Co.; Eagle Indemnity Co.; Empire State Insurance Co.; Equitable Life Assurance Society of the United States; Fidelity-Phoenix Fire Insurance Co. of New York; First American Fire Insurance Co.; Great American Insurance Co.; Great American Indemnity Co.; Home Fire Security Corporation; Massachusetts Fire & Marine Insurance Co.; Mercantile Insurance Co. of America; Merchants Fire Assurance Corporation of New York; Merchants Indemnity Corporation of New York; Metropolitan Life Insurance Co.; Mount Royal Insurance Co. of Montreal; Mutual Life Insurance Co. of New York; National Surety Co.; Newark Fire Insurance Co.; New Jersey Insurance Co.; New York Casualty Co.; Niagara Fire Insurance Co.; North American Re-

assurance Co.; North British & Mercantile Insurance Co. (Ltd.) of London and Edinburgh; North Carolina Home Insurance Co.; Northwestern Mutual Life Insurance Co.; Pacific Fire Insurance Co.; Penn Mutual Life Insurance Co.; Pennsylvania Co. for Insurance of Lives & Granting Annuities; Pilot Reinsurance Co. of New York; Prudential Insurance Co. of America; Reliance Life Insurance Co.; Rochester American Insurance Co.; Royal Indemnity Co.; Seaboard Fire & Marine Insurance Co.; Standard Fire Insurance Co., Trenton, N. J.; Standard Surety & Casualty Co. of New York; Star Insurance Co. of America; Teachers Insurance & Annuity Association; Union Guarantee & Mortgage Co.; Washington Assurance Corporation of New York.

Two hundred and sixty-two directorships in miscellaneous corporations: Agfa Ansco Corporation; Air Reduction Co. (Inc.); American Arch Co. (Inc.), of New York; American Founders Corporation; American and Continental Corporation; American Enka Corporation; American Institute of Mining and Metallurgical Engineers; American International Corporation; American Investors (Inc.); American Petroleum Institute; American-Russian Chamber of Commerce; Archer-Daniels-Midland Co.; Astor Safe Deposit Co.; Austin, Nichols & Co. (Inc.); G. M. Basford Co.; Bell Telephone Securities Co.; Bluff Point Land Improvement Co.; Borden Realty Corporation; Boyce Thompson Institute for Plant Research; William Bradley & Son; Brooklyn Eastern District Terminal; Brooklyn Real Estate Exchange (Ltd.); Brooks Bros.; Brunswick Site Co.; Edward G. Budd Manufacturing Co.; Burns Bros.; California Petroleum Corporation; California Petroleum Corporation of Venezuela; Cape Cruz Co. (Inc.); Carib Syndicate (Ltd.); F. L. Carlisle & Co. (Inc.); Central Cunagua, South America; Century Holding Co.; Chamber of Commerce of the State of New York; Chapultepec Land Improvement Co.; Chase-Harris-Forbes Corporation; Chase-Harris-Forbes Corporation, Boston, Mass.; Chase Harris Forbes Corporation (Ltd.), London; Chase-Harris-Forbes et Cie, Paris, France; Childs Co.; Chromium Corporation of America; City & Suburban Homes Co.; Cold Run Water Co.; Colon Oil Corporation; Commercial Factors Corporation; Commercial Pacific Cable Co.; Commonwealth Fund; Commonwealth and Southern Corporation; Company of Master Craftsmen (Inc.); Consolidated Selling Co.; Continental Mortgage Guarantee Co.; Continental Securities Corporation; Copper Exporters (Inc.); Copper Institute; Corn Products Refining Co.; Council on Foreign Relations (Inc.); Cuban Air Products Corporation; Cuban All American Cables (Inc.); Cuyler Realty Co.; Debevoise Co.; Detroit River Tunnel Co.; Discount Corporation of New York; Dongan Hall (Inc.); Dunbar Safe Deposit Co.; Electric Overseas Investment Co.; Elliott-Fisher Co.; Empire Mortgage Co.; Empire Safe Deposit Co.; English Speaking Union; European Mortgage Investment Co.; Far Hills Land Corporation; Fifth Third Union Trust Co.; Finance Co. of Great Britain and America (Ltd.); First National Co., Trenton, N. J.; Fishers Island Corporation; Fish University; Fort William Henry Hotel Co.; Forty-four Wall Street Corporation; Four Seventy Five-Fifth Avenue Corporation; Franklin Railway Supply Co. (Inc.); Andrew Freedman Home; Freeport Texas Co.; Frontier Corporation; Garden City Co.; Henry Gardner & Co. (Ltd.); General American Investors Co.; General American Tank Car Corporation; General Motors Acceptance Corporation; General Motors Holding Corporation; General Motors Export Co.; Gold & Stock Telegraph Co.; B. F. Goodrich Co.; Great A. & P. Tea Co.; Great American Investing Co. (Inc.); Great Northern Iron Ore Properties; Greenwich Title & Trust Co.; M. A. Hanna Co.; Harbor Acres Realty Corporation; W. A. Harriman Securities Corporation; Harris-Forbes & Co. (Ltd.), Montreal Canada; Harvey & Outerbridge (Inc.); Harway Improvement Company; Havana Docks Corporation; Havemeyers & Elder (Inc.); Horticultural Society of New York; Hotel Waldorf-Astoria Corporation; Howe Sound Co.; Hudson River Estates (Inc.); Hudson Valley Fuel Corporation; Indian Refining Co.; Intercontinental Investment Trust; Intercontinental Rubber Co.; International Agricultural Corporation; International Carriers (Ltd.); International Communications Laboratories (Inc.); International Match Corporation; International Motor Co.; International Nickel Co. (Inc.); International Products Corporation; International Securities Corporation of America; Jewel Tea Co. (Inc.); F. B. Keech & Co.; Knickerbocker Forty-second Street Co. (Inc.); S. H. Kress & Co.; Lehigh Coal & Navigation Co.; Libby Owens Securities Corporation; Lincoln Warehouse Corporation; Loew's (Inc.); Mackay Cos.; Magnus Co. (Inc.); Maracaibo Oil Exploration Corporation; C. H. Masland Sons Co.; Mayflower Associates (Inc.); Melville Bond & Share Corporation; Merchant Sterling Corporation; Metropolitan Opera Co.; Mexican National Construction Co.; Mexican Utilities Co.; Minerals Separation North America Corporation; Morristown Securities Corporation; Mortgage-Bond & Title Corporation; Muskogee Co.; N. & L. Realty Corporation; Nassau Hospital; National Bellas Hess Co. (Inc.); National Broadcasting Co.; National Employment Exchange; National Lead Co.; Newark Factory Sites (Inc.); New York Clearing House Building Co.; New York Mutual Telegraph Co.; New York Produce Exchange Safe Deposit & Storage Co.; New York Stock Exchange; Northern Finance Corporation; Northern New York Development Co.; Northern Securities Co.; Oceanic Investing Co.; One East End Avenue Corporation; One Hundred Fifty William Street Corporation; One Liberty Street Realty & Securities Corporation; One Ninety-Five Broadway Corporation; Pacific Coast Co.; Pacific Commercial Co.; Panther Valley Water Co.; Petroleum Corporation of America; Philharmonic-Symphony Society; Porto Rico Mercantile Co.; Postal Telegraph Cable Co.; Power Securities Corporation; Provident Loan Society of New York; Public Utility Holding Corporation of America; Pullman (Inc.); Radio Communication Co. (Inc.); Radio-

Keith-Orpheum Corporation; Rail Joint Co.; R. C. A. Communications (Inc.); Royal American Corporation; St. Lawrence Securities Co.; Saratoga Association; Saratoga Association for the Improvement of the Breed of Horses; F. A. O. Schwarz; Sheaffer's Creek Water Co.; Shelton Holding Corporation; W. & J. Sloane; Society Realty Co. (Inc.); Solvay American Investment Co.; Sprague Safety Control & Signal Corporation; Springler-van-Beuren Estates (Inc.); Sterling Securities Corporation; Stock Quotation Telegraph Co.; Stone & Webster (Inc.); Texas Co.; Texas Co. (California); Texas Co. (Delaware); Texas Co. (Mexico) South America; Texas Corporation; Texas Petroleum Co.; Texas Production Co.; Thompson-Starrett Co. (Inc.); Tide Water Associated Oil Co.; Tobacco Products Corporation; Township Realty Corporation; Transamerica Corporation; Tri-Continental Corporation; Trust Co. of Northern Westchester; Union Mortgage Co.; United Chromium (Inc.); United Cigar Stores Co.; United Corporation; United Founders Corporation; United Securities Corporation; United States & Foreign Securities Corporation; United States Guarantee Co.; United States & International Securities Corporation; United States Leather Co.; United States Lines (Inc.); United States Lines Operations (Inc.); Westinghouse Electric International Co.; Wood Struthers & Co.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. NORRIS. I yield.

Mr. THOMAS of Oklahoma. Would it be possible, under the Senate rules or under the rules of the Joint Committee on Printing, to have a cut made of the large chart, so that the cut would take approximately one page of the CONGRESSIONAL RECORD?

Mr. NORRIS. I think not, Mr. President. I should like to have that done if I could; but, to be fair about it, the rules provide that we can not print an illustration, and I suppose that spider web would constitute an illustration, and it would be a violation of the rules to print it in the RECORD.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Nebraska further yield to the Senator from Oklahoma?

Mr. NORRIS. I yield.

Mr. THOMAS of Oklahoma. I have seen charts of various kinds printed in the CONGRESSIONAL RECORD. I think it takes a special order to have it done.

Mr. NORRIS. It takes a special order to print one of these charts; but I am satisfied that to print that one, much as I should like to have it in the RECORD, would be a violation of the rules; and therefore I do not expect to ask to put it in.

Mr. FESS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. NORRIS. I yield.

Mr. FESS. The Senator from Nebraska is correct. If it is a mere chart, it can be easily done under the order of the Joint Committee on Printing; but if it is an illustration, it can not be done.

Mr. NORRIS. Several years ago the Senate permitted an illustration to be put in the RECORD at the request of the then Senator from South Carolina, Mr. Tillman. He put in a picture, an illustration of a cow, a horse, or something of the kind, that he had used on a chart; and the rule was changed then.

The particular chart that the Senator is talking about is an illustration. It has more on it than simply the drawing of lines connecting the various corporations.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

Mr. NORRIS. Yes.

Mr. THOMAS of Oklahoma. It would be a very inexpensive and simple matter to have a zinc plate made of that chart. The plate could be made of a proper size to occupy one page of the CONGRESSIONAL RECORD. The cost would be practically nothing.

That chart contains so much information that anyone can understand it who will take a moment's time to look at it. I very much hope we can arrange to have one page of the RECORD contain a zinc cut showing exactly what is shown on that large chart.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. SMOOT. I desire to say to the Senator that that can not be done without a concurrent resolution of the House and the Senate. I have no objection at all as far as I am concerned.

Mr. NORRIS. Knowing that it would violate the rule to put that illustration in the RECORD, and that we would have to change that rule, I had not intended to ask that it be put in. I do not believe I would be justified in doing it, much as I should like to have it go in.

Mr. President, I think I was through with this chart when I was interrupted. I want to say, before leaving it, that this is only a sample; and this does not tell the whole story. The interlocking directorates go a great deal farther than is shown here. The control by the Chase National Bank of a certain corporation of which it does not have, we will say, a majority of the stock holdings will be made complete by the other interlocking directorates that come from other banks which in turn, through these directorships, are connected with the Chase National Bank.

I have here a chart outlining in a somewhat similar way the interlocking connection, through directorships, of the house of Morgan. J. P. Morgan & Co. have 19 partners. Here are seven banks and trust companies—in reality eight, because there are two in one or two places—known as Morgan banks. They are not the only banks that are controlled, at least partially by the firm of J. P. Morgan & Co., but they are outstanding ones. They consist of the Bank for Savings in New York City; the Bankers' Co. and the Bankers' Trust Co.; the Corn Exchange Bank & Trust Co., of New York; the Fidelity Trust Co., of Philadelphia, Pa.; the Girard Trust Co., of Philadelphia, Pa.; the Guaranty Trust Co., of New York; and the New York Trust Co. These spaces down here, connected with each one of the banks I have mentioned, show the control by these particular subsidiaries of J. P. Morgan & Co. of the interlocking directorships that they have with other and outside corporations not named here.

For instance, the Bank for Savings in the city of New York has 30 directorships in other banks. The same bank has 56 directorships in miscellaneous corporations. It has 48 directorships in insurance companies. It has 18 directorships in manufacturing companies. It has 32 directorships in transportation companies. It has 20 directorships in public-utility companies.

Let us take another one, the Corn Exchange National Bank & Trust Co., of New York. That is another one of the banks controlled by the House of Morgan. The Corn Exchange Bank has 11 directorships in other banks. It has 41 directorships in miscellaneous corporations. It has 26 directorships in insurance companies. It has 28 directorships in manufacturing companies. It has 6 directorships in transportation companies; and it has 4 directorships in public-utility companies.

Here, for instance, is the Guaranty Trust Co., of New York, one of the banks controlled by Morgan. It has 34 directorships in other banks. It has 222 directorships in miscellaneous corporations. It has 39 directorships in insurance companies. It has 92 directorships in manufacturing companies. It has 154 directorships in transportation companies. It has 106 directorships in public-utility companies.

And so on with all the others that I will not stop to read that appear on this chart.

Mr. LOGAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield to the Senator.

Mr. LOGAN. I will ask the Senator if the 4-line doggerel that describes old Noah's fleas could not very well be applied to some of these banks?—

Old Noah's fleas had other fleas
Upon their backs to bite 'em,
And those small fleas had smaller fleas,
And so on ad infinitum.

[Laughter.]

Mr. NORRIS. I am rather inclined to think that that will apply very well not only to this particular illustration but to all the others.

So that taking the total, Mr. President, the house of Morgan directly, through these banks I have named and which the house of Morgan controls, has 219 directorships in other banks; and Morgan has, in the same way, 642 directorships in miscellaneous corporations. The house of Morgan has 215 directorships in insurance companies. It has 425 directorships in manufacturing and mining companies. It has 423 directorships in transportation companies. It has 318 directors in public-utility companies. This makes a total of 2,242 directorships held directly by the Morgan banks in the various kinds of corporations that I have named.

I do not have the names of these various corporations here as I do in the analysis of the Chase National Bank. I do not have that simply because I did not have time to complete this, but if we should take the names of these various corporations and put them on here, we would find that to a very great extent they would correspond with the corporations named on this chart for the Chase National Bank. In other words, these banks, by their interlocking method of directorships, when they combine, can control practically any corporation of any size in the United States. I do not care whether it is a banking institution, whether it is a railroad, whether it is operating flying machines, whether it is engaged in mining, whether it is engaged in any line of manufacturing, that statement holds true as to practically all of them in the United States.

Now, Mr. President, I want to take up this other chart. I have here on this chart what is named "The Spider Web of Wall Street." It has on it the following banks and trust companies, showing connections with other corporations and other banks:

First, J. P. Morgan & Co.; the Guaranty Trust Co.; the Bankers' Trust Co.; the First National Bank; the Central Hanover Bank; the Irving Trust Co.; the National City Bank; the Chase National Bank.

This chart contains the names of 120 corporations of various kinds that are connected with one or more of these banks. It does not tell the whole story by any means, Mr. President. It represents interlocking directorates on July 1, 1932, between 8 leading banking institutions in New York City on the one hand, and 120 major corporations on the other.

Mr. LOGAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield to the Senator.

Mr. LOGAN. Does the Senator mean that these corporations named around the rim are the 120 to which he refers?

Mr. NORRIS. They are the 120.

Mr. LOGAN. It seems to me, just from looking at the chart, that there are more than 120 there.

Mr. NORRIS. No; I think the Senator will find, if he will look at them, that there are 120.

Mr. LOGAN. I do not have to count them to find out that there are more than 120 names around that rim.

Mr. NORRIS. I want to say to the Senator from Kentucky, however, and to other Senators, that this list of corporations around here does not come anywhere near naming all of them. This chart, in round numbers, is about 8 feet square. If I had a chart large enough to contain the names of all the corporations that are directly and indirectly controlled through interlocking directorates by these eight banks, and if it were big enough so that you could read it, there is not a wall space in the Senate Chamber that would hold it. Instead of 120 corporations we would have thousands of corporations. You can well see, from even one of the institutions I have given from this chart, that that is so.

So that we have just a miniature picture here. It is 8 feet square; but, as a matter of fact, if all the corporations controlled as these 120 are controlled were put on the map, there is not a magnifying glass in the country that would magnify it sufficiently so that it could be read.

Each line on this map means that the company and the bank or banks connected by the line had at least one director or similar official in common. The chart may look complicated; but it is, in fact, a simplification of the actual state of affairs. No attempt has been made to indicate where there are two or three identical directors between a company and a bank. Only a few of the total number of corporations with which the eight banking institutions symbolized by the legs of the Wall Street spider are interlocked appear in this chart. Five hundred corporations alone are connected with two or more of the eight banks by the same directors. Of this number, approximately 160 have common directors in three or more banks. The web indicates only 120 of the most typical companies. They are found among railroads, public utilities, insurance companies, banks, investment corporations, manufacturing enterprises, chain stores, and so forth.

The main leg of the Wall Street spider is J. P. Morgan & Co. That is a private banking house, a partnership, which does not publish a financial statement of its business. Three of the banks shown on the chart are dependents of J. P. Morgan & Co., the Guaranty Trust Co., the Bankers Trust Co., and the First National Bank. The two largest banks in the United States are close allies of Morgan, the Chase National Bank, and the National City Bank. The Central Hanover Bank & Trust Co. and the Irving Trust Co. are also within the Morgan sphere of influence. All these banking institutions have common directors. Together, they exercise control over one of the most important sections of economic life in the United States to-day.

Mr. President, I ask at this point to have printed the names of these 120 corporations which are shown on the plat here, and which are connected by interlocking directorates with these various banks named.

THE VICE PRESIDENT. Is there objection?

There being no objection, the list was ordered to be printed in the RECORD, as follows:

THE SPIDER WEB OF WALL STREET

- | | | | |
|--|--|---|-------------------------------|
| 1. Adams Express. | 47. Electric Bond & Share. | 93. Pullman (Inc.). | 107. Thompson-Starrett. |
| 2. Aetna Insurance. | 48. Equitable Life. | 94. Public Service Corporation of New Jersey. | 108. Tidewater Atlantic Oil. |
| 3. Air Reduction. | 49. Erie Railroad. | 95. Radio Corporation. | 109. Union Pacific. |
| 4. All American Cables. | 50. Fifth Avenue Coach. | 96. Radio Keith Orpheum. | 110. United Corporation. |
| 5. American Can. | 51. First Security. | 97. Remington Arms. | 111. United States Guarantee. |
| 6. American Locomotive. | 52. Fox Film. | 98. Remington Rand. | 112. United States Leather. |
| 7. American Radiator. | 53. General Electric. | 99. St. Regis Paper. | 113. United States Rubber. |
| 8. American Smelting. | 54. General Motors. | 100. Shell Union Oil. | 114. United States Steel. |
| 9. American Sugar Refining. | 55. Goodyear Tire. | 101. Southern Pacific. | 115. Utah Copper. |
| 10. American Surety Co. | 56. Great Atlantic & Pacific Tea. | 102. Southern Railway. | 116. Ward Baking. |
| 11. American Telephone & Telegraph Co. | 57. Illinois Central. | 103. Standard Brands. | 117. Westinghouse Electric. |
| 12. American Woolen. | 58. Ingersoll-Rand. | 104. Standard Oil of New York. | 118. Western Union. |
| 13. American Writing Paper. | 59. I. R. T. | 105. Stone & Webster. | 119. White Rock. |
| 14. Anaconda Copper. | 60. International Agricultural. | 106. Texas Gulf Sulphur. | 120. Woolworth & Co. |
| 15. Associated Dry Goods. | 61. International Harvester. | | |
| 16. Astor Safe Deposit. | 62. International Mercantile. | | |
| 17. Atchison, Topeka & Santa Fe. | 63. International Nickel. | | |
| 18. Aviation Corporation. | 64. International Paper. | | |
| 19. Atlantic Fruit. | 65. International Telephone & Telegraph. | | |
| 20. Baldwin Locomotive. | 66. Johns-Manville. | | |
| 21. Baltimore & Ohio. | 67. Kennecott Copper. | | |
| 22. Bank for Savings. | 68. Laurens Cotton. | | |
| 23. Bates Valve Bag. | 69. Loew's. | | |
| 24. Bethlehem Steel. | 70. Mellon National Bank. | | |
| 25. Bonbright & Co. | 71. Mercantile Insurance. | | |
| 26. Borden Co. | 72. Metropolitan Life. | | |
| 27. Bowery Savings. | 73. Michigan Central. | | |
| 28. Braden Copper. | 74. Montana Power. | | |
| 29. Bush Terminal. | 75. Montgomery Ward. | | |
| 30. Case Threshing. | 76. Mutual Life. | | |
| 31. Cerro Copper. | 77. National Aviation. | | |
| 32. Chase Securities. | 78. National Biscuit. | | |
| 33. Chrysler Corporation. | 79. National Broadcasting Co. | | |
| 34. Coca-Cola. | 80. National Cash Register. | | |
| 35. Colorado Fuel & Iron. | 81. New York Central. | | |
| 36. Columbia Gas & Electric. | 82. New York Edison. | | |
| 37. Commonwealth & S. | 83. New York, New Haven & Hartford. | | |
| 38. Consolidated Gas. | 84. New York Title. | | |
| 39. Consolidated Coal. | 85. New York Trust. | | |
| 40. Continental Baking. | 86. Niagara Hudson. | | |
| 41. Corn Exchange. | 87. Northern Pacific. | | |
| 42. Delaware & Hudson. | 88. Otis Elevator. | | |
| 43. Delaware, Lackawanna & Western Coal. | 89. Pennsylvania Railroad. | | |
| 44. Dillon, Read. | 90. Phelps Dodge. | | |
| 45. Discount Corporation. | 91. Postal & Cable. | | |
| 46. Du Pont de Nemours. | 92. Prudential Insurance. | | |

Mr. NORRIS. Mr. President, what does all this show? It demonstrates very clearly, in my judgment, that the control of all the business of the United States is drifting rapidly toward corporations. Especially when we consider the development and the advance that has been made in this control, as shown by me a short time ago; it demonstrates, it seems to me, that all of us soon will be hired men, working for some corporation.

Mr. President, if the Government of the United States to-day wanted to take over the railroads of this country, it would have to see only one man, just one, J. P. Morgan. That is true of almost any other operation. Morgan and his associates would be able to enter into the deal if they wanted to, and compel a sale if they wanted to. They can control in any of these corporations the lowering or the raising of wages; they can change the conditions of labor; they can raise or lower the price of the output of any of these manufacturing establishments simply because they control the money of the United States.

The railroad officials are only their servants. The presidents and the officers of these various manufacturing corporations are compelled, whether they like it or not, to obey the mandate that comes from Wall Street. Then will somebody have the courage to deny that there is a money trust?

When we look over the public-utility field and see how the house of Morgan is gradually and rapidly getting control, as shown by the figures and the statistics I put into the RECORD, can we reach any other conclusion than that any of these organizations, any of these operating companies, any of these holding companies, will find it impossible to do anything contrary to the wishes of the men who control the money strings in Wall Street? In that case it has almost reached the point now when it is one man, J. P. Morgan.

J. P. Morgan, with the assistance and cooperation of a few of the interlocking corporations which reach all over the United States in their influence, controls every railroad in the United States. They control practically every public utility, they control literally thousands of corporations, they control all of the large insurance companies.

Why do they want to mix in the insurance business? In the real insuring of people they have no interest; they do not care anything about that. They want the money. They want to be the depositories of the large funds, the enormous funds, the millions of dollars which are necessary in the operation of these great insurance companies. It is the money they are after.

Any of these other corporations which want to borrow money can not find a place on earth to get it unless they go to some one of the webs of this giant spider, it may be in San Francisco, it may be in Washington, it may be in Nebraska, it may be in Maine. Wherever it is, these lines connected with the money power of Wall Street are connected with practically every large banking institution, either wholly or partially.

Mr. President, we are gradually reaching a time, if we have not already reached that period, when the business of the country is controlled by men who can be named on the fingers of one hand, because those men control the money of the Nation, and that control is growing at a rapid rate. There is only a comparatively small part of it left for them to get, and when they control the money, they control the banks, they control the manufacturing institutions, they control the aviation companies, they control the insurance

companies, they control the publishing companies; and we have had some remarkable instances of the control of the publishing companies presented before a subcommittee of the Committee on the Judiciary.

These corporations forget nothing. We had illustrations given us where a magazine would start out on a particular line, but would find itself called on the carpet by some one from one of these great institutions. They were told what the policy must be. Absolute failure stared them in the face unless they obeyed. Through the control of advertising, which, incidentally, to a great extent, is handled by corporations which this money trust controls, they control the avenues of publicity.

Mr. President, the tramp on the street who munches a crust of bread somebody has given him is very likely eating something which came from a corporation controlled by this great money trust. Bread is manufactured by corporations, and shipped all over the country, and the price is kept up, while the price of wheat goes down. We have to pay practically the same price for a loaf of bread when wheat is 25 cents a bushel in the Western States, as we paid when wheat was \$2.50 a bushel. It is all controlled by corporations. The clothing we wear, the food we eat, the automobiles, in the main, that we use, the gasoline and the oil we buy to operate them, to a great extent are controlled by this financial center represented by this spider.

Mr. President, how long are we to stand for that? How much longer will we stand for it before we realize that we are just hired men of corporations; that we are just slaves; that we have nothing to say about anything that shall be done unless we get the consent of some great big corporation which through its interlocking directorates controls practically every avenue of human activity?

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. WALSH of Massachusetts. I would like to ask the Senator a question. I do not suppose the Senator objects so much to the management of all these varied financial and industrial activities by corporations as to the fact that many of their officials have created corporations whose stock is filled with water, that they have paid their entrenched officials unconscionable salaries, that they have speculated and gambled with the private financial resources they have been intrusted with, and have carried on their functions in disregard of the public interest and without an effort to do justice to their employees or even to their stockholders?

Mr. NORRIS. Of course, Mr. President, a beautiful theory can be woven, and it can be said that if we get a big corporation that covers everything we will be able to reduce the prices of products to the consumers. But human nature is just the same now as it was a hundred years ago. Give to a man the power, especially if he has in his heart the greed that comes with great financial power as a rule, and when he gets the power the consumer will not get any benefit—the man will get it. When the power is all in the hands of one or a few men, the consumer will be bled white. That has been the lesson of history. Evidence taken only yesterday before the Committee on Banking and Currency shows how one of these men I have named here, drawing a salary of \$50,000 a year for operating one of these great banks, received bonuses to the amount, as I remember, of over \$3,000,000 in three years besides his salary. He sold stock at from \$200 to \$500 a share that is now worth less than \$40, sold some of it to the employees of the bank, and they are paying on the instalment plan. I understand it would be possible for them to buy the stock on the market for less than what they still owe on it, but they can not do it because they want their jobs, especially in these times.

Mr. WALSH of Massachusetts. Mr. President, the abuses are more apparent to-day than ever before, and for that very reason, if for no other, I agree with the Senator that some action ought to be taken to prevent the further suffering of the American public caused by the unethical

and selfish manner in which so many of the large corporations have been managed and which has largely contributed to the present economic distress.

Mr. NORRIS. Mr. President, just a day or so ago, before the Committee on Banking and Currency, it was developed that Halsey Stuart & Co., one of the greatest houses of its kind, if not the greatest, in the United States, had hired a professor out of a university to talk over the radio to the people of the United States. I have heard him, and I suppose all Senators have heard him, telling how to invest money. They call him the "Old Counselor." He was a professor from a university. They paid him, I understand, \$50 a week. He did not prepare his addresses; Halsey Stuart prepared them. They got them up for him, and all he did was to read them, and that is one of the ways they operate. That looks a good deal like the methods the public utilities companies have used to control the public during all the years that have passed.

Here were men and women with some money, savings, perhaps the proceeds of a life-insurance policy to a widow from a dead husband, wanting to invest the proceeds, and they were talked to by "Old Counselor," hired by Halsey Stuart & Co., paid by them, talking their words, not his, over the radio, giving this advice. They would naturally suppose he was a professor in a university, an economist, an honest man, and that he was giving his own ideas. When simmered down, the advice was that the securities they were advised to buy were securities which Halsey Stuart & Co. had for sale and which afterwards became practically worthless.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. NORRIS. I yield.

Mr. THOMAS of Oklahoma. On yesterday, in the course of some remarks made by myself, I made the statement that the three larger banks in New York City—the Chase National, the National City, and the Guaranty Trust Co.—have combined resources approximating \$5,000,000,000. At the present time, because the dollar is worth 200 cents instead of 100 cents, their resources in buying power and real financial power are \$10,000,000,000. In addition to these are many other banks in New York City. Can the Senator advise the Senate of the total resources of all the banks in New York City?

Mr. NORRIS. No; I can not. I do not have the figures here.

Mr. THOMAS of Oklahoma. The amount would be much larger than for the three banks?

Mr. NORRIS. Oh, yes; much larger.

Mr. THOMAS of Oklahoma. It would approximate many times \$5,000,000,000. The consolidated banks in New York, represented by the spider on the chart on the wall, have perhaps \$20,000,000,000 of resources, which at the present time, on the basis of the present value of the dollar and its buying power, would be, in effect, \$40,000,000,000, and that, exercised through central control, is practically the financial control and power of the United States. Does the Senator agree with that conclusion?

Mr. NORRIS. Yes; I do.

Mr. President, I am reminded by the interruptions of the Senator from Oklahoma [Mr. THOMAS] and the Senator from Massachusetts [Mr. WALSH] of one other thing I want to say. I referred to the evidence given by Mr. Stuart, of Halsey Stuart & Co., before the Banking and Currency Committee yesterday and the day before. I referred to the "Old Counselor" giving advice as to how money should be invested. Let me suppose a case. Suppose the Senator from Oklahoma were walking down the streets of Washington and a widow should come along whom he knew had in her pocketbook the proceeds of a life-insurance policy on her dead husband, which she was probably taking to the bank to deposit. Suppose the Senator would knock her down and steal the money from her and undertake to escape. The people roundabout, if they saw what had happened, would

seize the Senator from Oklahoma, and if they did not tear him limb from limb—if the mob did not kill him on the spot—he would be sent to prison when he got into court a short time afterwards.

But what about Halsey Stuart & Co.? This same widow with the \$10,000 that her husband had worked perhaps during almost a lifetime to accumulate in the form of a life-insurance policy, hears the "Old Counselor" say in effect, "Why I am a professor in a university. From the bottom of my heart I am trying to give advice to men and women about how to invest their savings. I am the 'Old Counselor.' I advise you to go and buy some stock in Mr. Insull's company. That is the best investment I know." When that is done now by the men who get millions and millions from the poor people of the United States in that manner, in their fictitious securities that they float and sell to innocent and honest people of the country, when they do that kind of thing and take the \$10,000 away from the widow, they are considered financiers. They are not punished like the Senator from Oklahoma would be if he stole it on the street in the case I have just supposed. He did not use any deception. He simply robbed her of the money. But Halsey Stuart & Co. used deception. They hired a decoy. They hired a man who is supposed to be an upright man, a professor in a college. They paid him their money. They wrote the articles which he was to read over the radio.

In the outcome they got the money from the widow just the same as the Senator from Oklahoma would have gotten it if he had robbed her on the streets of Washington. But the Senator would go to jail because he would be a criminal. Halsey Stuart & Co. are financiers. They are specialists. The professor is a specialist. He is an economist. They are men of high standing, away up at the top of the ladder, and when we want to find out how we are going to get out of the depression we send for such men and ask their advice about how to get out, when they are the men who put us into the depression. We still believe they know how to redeem us from what looks a good deal like destruction!

SUGGESTIONS ON ECONOMIC CONDITIONS

Mr. LOGAN. Mr. President, I do not desire to discuss the pending amendment or the bill which we are considering, but in view of the informative address which has been delivered by the senior Senator from Nebraska yesterday and to-day and having thought about some matters along the same lines, I want to ask the indulgence of the Senate to offer some suggestions about the new deal which has been talked of considerably during the past few months.

Much has been said of late about the new deal which was promised during the recent presidential campaign. At this session of Congress little that is new has been discussed, and if a new deal is begun now, it appears that the commencement must be made through the use of old and worn-out tools.

A new deal, as I understand it, would mean a better arrangement for capital, labor, and the entrepreneur. The entire earnings of a people, regardless of the enterprise in which they may be engaged, are represented by the earnings of labor, the earnings of capital, and profits.

In considering questions that will bring a new deal to everyone who is interested in the public welfare, it is of the highest importance that the aim of those who propose to usher in the new deal shall be to care for the earnings of capital, the earnings of labor, and to deal with profits. Perhaps it is impossible to devise a workable plan or method unless the information on which it is based is accurate. Society has become so complicated that no man or group of men will possess sufficient wisdom to hastily determine what course may be pursued that will bring about a wise result. I hope that I may be classed among those who believe that through the application of wisdom to problems of government the life and happiness of the Nation may be made secure and that a new arrangement may be ushered in where justice and mercy will flow pleasingly over the land and where happiness will prevail in every walk of life, for, after

all, the main purpose of every government should be to bring happiness to the people.

After giving much thought to matters, and advising with others in whose judgment I have confidence, I have concluded that a few suggestions which occur to me may be worthy of consideration by those upon whom rest the burden of finding a solution for many perplexing problems.

The Senator from Mississippi [Mr. HARRISON] introduced a resolution asking that a committee be empowered to make a thorough investigation of present-day conditions, taking into consideration every line of industry whereby the people earn their sustenance. I think that was a wise step and that a careful investigation may result in the development of ideas that will greatly aid in reaching sound conclusions. The suggestions which I may advance, upon more careful study, may prove unsound or impracticable. I can not say that the premises on which my ideas are based are true beyond question and that consequently the ideas must therefore be sound. If I had proven the truth of what I may say by actual test, it may be that I would have discarded the suggestions in their incipiency. Propositions and ideas should not be written into law until there has been a test unless it be imperative that legislatures go into the realms of speculation and experimentation. What I suggest I shall ask to be considered as suggestions only. It is through suggestions and resultant tests of their truth that solidity is found.

The committee which has been vested with power and authority to assemble facts will come face to face with the business interests of the country, and will find out what may be done, if anything, to remedy present conditions and to insure the people of the Nation against a recurrence of a period such as now envelops us. I am not among those who believe that the conditions, now almost intolerable, are temporary or that they will soon pass away. I doubt that they will pass away at all unless wisdom to grapple with them is found in high places. Everyone will readily agree that there should be no recurrence of a similar depression. More than one thing may be needed to prevent it. Because nothing has been done in the past to prevent such economic disasters is no reason why we may assume at this time that nothing can be done. Rather, we should treat it as a reflection on the wisdom of the statesmen in the days that are gone that they did not secure us from the travail of the present time, and we should be certain that we do not leave it to some future generation to lay the odium at our door that another economic disaster shall well-nigh destroy a great Nation.

Commerce is the life of the people of the Nation, as well as the people of the world. The wars that we may have in the future will have as their basis a contest for trade and commerce. A people live, thrive, and find happiness through the instrumentalities of commerce. When commerce ceases, or becomes restricted, desolation must follow. It is important, therefore, that we consider the question of trade and commerce as one of the most important questions with which we have to deal.

Commerce within a State can only be regulated by the laws of the State, but commerce between the States and with foreign countries is subject to regulation by the Congress of the United States.

Since Congress may control foreign and interstate commerce it has vested in it the power to deal with the earnings of capital, the earnings of labor, and the profits. As these make up the sum total of all human endeavor along economic lines, the vast importance of the matter is at once apparent. Efforts have been made in the past, and there are suggestions along the same lines now, that Congress may impose conditions upon the right of individuals or groups to engage in interstate commerce. Under the "general welfare clause" of the Constitution it is often argued that the Congress is vested with power to enact legislation which promotes the general welfare, regardless of other provisions in that instrument. I hardly think that is true, but that Congress may devise a plan which will control and

regulate vast aggregations of wealth used in direct or indirect interstate commerce, seems to me beyond question.

If the Congress may control foreign and interstate commerce to the extent of requiring whoever engages in such commerce to do so under a Federal charter which would leave to the Congress the power to determine what shall be a fair rate on invested capital, and how the surplus, if any, may be disposed of and for what purposes such surplus may be used, then Congress has ample authority to see to it that when the new deal is brought about there shall be no possibility of the gathering of the great wealth of the Nation into great reservoirs where it is impounded and will not flow save at the will of those who control the gates of the reservoir.

This is a good time to initiate a new era. Business is almost without profit-yielding life. The reservoirs of wealth, which have been accumulated through the sapping of the economic vitals of the people as a whole have about dried up. If we are to build for the future we should build on a more substantial foundation. If the foundation is secure we need not fear that the superstructure will collapse except through negligence and carelessness in its erection. An unsubstantial foundation will allow the superstructure to fall when the weight becomes too great. Our foundation has crumbled, and we found when the stress came that it was built on the shifting sands. Let us clean out the rubbish and dig deep until we find that which is firm, and then we may build again with the assurance that business will rest secure on a basis that may not be shaken by the storm and stress of economic upheavals.

Mr. President, in working out plans for the new deal no one should forget that capital is always entitled to a fair return on the investment if the investment is wise, the management efficient, and the business lawful. Labor, which is of equal importance with capital, is entitled to a fair rate for the labor given to the enterprise, whatever it is. When capital shall have received a fair rate and labor shall have received a fair wage, that which remains over is profit. The Government may take this profit for taxes toward the support of the Government under laws that are within constitutional limitations. If it may take the profits above a fair rate to capital and above a fair rate to labor, then why may it not take the profits, as trustees, for the use of the owners of the capital and for the use of the labor which provided the profit?

If the Government should determine that invested capital was entitled to a rate of 7 per cent, after the payment of a fair wage to labor, and if there were no profits above that, the Government would not impound any surplus for the simple reason that there would be none to impound. If there were returns above the fair wage and a fair return on the investment, and the Government should impound that surplus, it would then become necessary for Congress to prescribe by law the use that should be made of the surplus held by the Government, at least in part, as trustee for both capital and labor. It would also be for the Congress to prescribe, after a full investigation and an ascertainment of facts, what part of the surplus should be allocated to capital, what part to labor and what part the Government should take toward its support.

It may be that the part allocated to labor could be used to provide unemployment insurance. It may be that the part allocated to capital could be used to pay dividends to stockholders in the years when the earnings failed to provide a sum for that purpose. These things would be matters of detail. The foundation of the plan would be that the Congress should prescribe by law that whoever engaged in interstate commerce or in foreign commerce should obtain a charter from the Federal Government with regulatory powers held by the Congress. If the Congress should then prescribe laws regulating the earnings of capital and the earnings of labor, and take over any surplus above that to be held for purposes denominated by the Congress, then we would have discovered a method whereby human greed would be very greatly restricted and equity would flow to the general public.

Everything that is taken from the public above that which will provide a fair rate on the invested capital and a fair wage to labor is taken without authority. The aggregation of great funds has been brought about because those who controlled the capital exacted more from the general public than they were entitled to. Great monopolies have been fostered for the sole purpose of building up an enormous surplus which was under the control of a few private individuals.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Utah?

Mr. LOGAN. I yield.

Mr. KING. I did not hear all the Senator's statement. Is it his view that under the power to regulate commerce the National Government may require persons who may engage in commerce extending beyond the borders of their respective States to take out Federal licenses or charters, and that the Federal Government may determine what shall be the earnings and impound the residue and make disposition of it as it sees fit; or is the Senator contending that under the taxing power of the Federal Government the suggestions which he is now making may be brought about?

Mr. LOGAN. Mr. President, I take neither position, may I say to the Senator. I am making these suggestions with the reservation that what I have said may be unsound, but my idea is that it could be done under the taxing power of the Government; that the Congress, under the taxing power which is vested in it by the Constitution, has absolute control of the purse strings of the people—that is evident—and that these things might be done. I do not say that they could be done; but unless they can be done, it appears to me that there is no way to break the grip of the great aggregations of wealth which have been discussed by the Senator from Nebraska [Mr. NORRIS] yesterday and to-day.

Mr. KING. Mr. President, if the Senator will pardon a further interruption—

Mr. LOGAN. Certainly.

Mr. KING. I think there is no doubt as to the power of the Federal Government to tax profits, as the power rests in the Government to tax incomes of individuals and to tax excess profits as it did during the war. I was interested, however, in the suggestion, if I understand the Senator, that Congress could take the surplus profits, impound them, and then use them for such purposes as might be called extraconstitutional or extragovernmental. I have no doubt as to its power to impose taxes; if it were considered wise, Congress could obtain all of its revenue from excess profits and from the taxation of corporations; but it seems to me that it might be straining the taxing power, and certainly the interstate-commerce provision of the Constitution, if, under the authority of either or both, the wealth of the country might be taken and devoted to a social program that might probably be brought within the authority of municipalities, counties, or States.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Louisiana?

Mr. LOGAN. I yield.

Mr. LONG. I just want to attract the attention of the Senator from Utah to the fact that it might be necessary to couple the taxing power and the interstate-commerce power. I think I am familiar with what the Senator from Kentucky is talking about; I have been reading his plan; and by coupling the taxing power and the interstate-commerce power, under the two, there ought not to be any trouble, and the plan certainly ought to be constitutional.

Mr. LOGAN. Mr. President, it may be that there would be trouble; but some solution must be found, and these suggestions may be worthy of consideration.

If the Constitution was adopted to promote the general welfare, it appears to me that a nation should not be helpless against the spoliation of its people by those who have control of great wealth. Assuredly they are entitled to equal and exact justice, and that means a fair rate on their invested capital. If they receive more than that, which means

that they receive more than is necessary to a return of profit on invested capital and to promote and develop the industry, they have taken from the general public that to which they are not entitled. We have read many times that some particular group had declared a 100 per cent stock dividend or an enormous dividend in money. When such dividends have been declared, it means that the people parted with that which belonged to the individuals of the public, and there was gathered into the coffers of the few money to which they were never entitled. This may seem a strange and new doctrine, but, if it be sound, it should not be discarded because it is new or strange.

It may be said that those who by their skill enable a particular industry to earn large profits are entitled to enormous profits because of the skill and judgment which have been exercised in the management of the business. Those who have managed the business have received compensation for their wisdom in the conduct of the business before there is any consideration of the question of profits.

There has been much said about decentralization of wealth. If the plans which I am trying to suggest had been in effect throughout the years, there never would have been a centralization of wealth, and it follows that there would never have been a necessity for a decentralization.

I am entirely convinced that any nation that allows the powerful to plunder the weak, or the rich to despoil the poor, is not discharging its proper functions as a nation. The rich are entitled to the full protection of the laws and the powerful likewise are entitled to their equal protection, but they are not entitled to more than equal protection before the law. It is a biological truth that in every strata of animal life it is the strong that destroy the weak until the weak have devised some plans to repel the destructive forces exerted by the strong. The rich and the powerful need no protector. They are able to protect themselves. It is the poor and downtrodden and those who have no helper that must be sheltered by the beneficent wings of a great Government.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Louisiana?

Mr. LOGAN. I yield.

Mr. LONG. The Senator has stated that the powerful need no help. The fact, however, is that when the wealthy have been turned loose in this country to make a spoliation of the little man, when they have sapped up the life and all the wealth out of the bottom structure and the middle structure, they then began to crystallize and stagnate at the top. The trouble with the wealthy to-day is that they have brought the little man to where he has nothing, and there is no place where he can reap any future profits; and so their own wealth is becoming worth nothing, because gold held as gold is of no value to anyone; it can not be eaten.

Mr. LOGAN. I think that what I have to say will rather prove the tendency indicated by the Senator from Louisiana.

It may be said that this suggestion is socialistic in its nature. Everything that deals with society necessarily is socialistic. I might say at this time, Mr. President, that I imagine I may lay claim to as great conservatism as anyone in the Senate. I am naturally that way, having been born and bred in the South, where we believe in the old conservative ideas. I disclaim any sort of radicalism in making these suggestions, which, it seems to me, if followed might lead to a solution of problems which appear at this time to be without solution.

It may be suggested that the plan proposed puts the Government deeper into private business, but that can hardly be admitted, as there would be no interference with the legitimate functioning of any private business. The plan would destroy all the incentive on the part of those engaged in gainful occupations to take from the public a greater sum than was actually fair for the protection of all. The result would be that business would adjust itself to the new conditions, and the money which has been taken from the public and centralized would be left with the public to be used

in acquiring those things which are needful for the happiness of the human race.

It is profitable to take a survey, brief though it may be, of the changing conditions during the past several hundred years.

With the collapse of the Roman Empire, the church found on its hands a large part of the political power of the western world. Its jurisdiction was both temporal and spiritual. Nearly everyone in the then western world, from the throned monarch to the helpless slave, was under the authority of the church at birth, and continued under its authority until he passed off the stage of action. The entire social scheme, according to the prevailing ideas at that time, was in accord with the will of God, and institutions of every kind rarely thrived without the protection and approval of the church. The church was the government, and it gave protection to its people.

The feudal system, in the early part of the medieval period, presented a political and social system with which we are well acquainted. All society was divided into classes, and each individual was entitled to the rights and privileges of his class. At the head was the king, but he was subject to the authority of the church. The feudal lords and barons were nominally responsible to the king. The stewards, or bailiffs, of these lords and barons came next in order, and in a class below them were the villeins, then the cotters, and lowest of all, the slaves.

The economic unit in the feudal system was the manor, presided over and supervised by the lord of the manor who resided in the manor house. The almost exclusive economic pursuit was agriculture, which was almost self-sufficient. The land belonged to the king, at least theoretically, and the lords were required to render certain services, usually military, to him for the use of the land. They exacted certain support from the villeins, who tilled the soil. The manner of tillage, rotation of crops, and all farming operations were regulated by the lords.

I will not go into this early economic history in detail. I have mentioned it only to indicate that after the Dark Ages and during the feudal period man was regulated by his government in the most minute details of his economic life.

From the final collapse of the Roman Empire to the Tudor dynasty in England the manorial system generally prevailed. The Crusades largely ended the feudal system. The crusading lords, in order to raise money, parted with some of their possessions and established free towns. Knowledge acquired in the Crusades opened up channels of commerce and changed the manners of the people of England, resulting finally in the disintegration of the feudal system.

While agriculture was the first industry of the people after the decline of the feudal system, yet the establishment of towns soon resulted in developing other pursuits. After the feudal system came the town governments. They became important, and generally they were controlled by guilds.

While there were many guilds in England, the two most important ones during the period in which the towns flourished were the Merchants' Guild and the Craft Guild. They regulated the economic life of the towns with as much strictness as the lords had regulated the economic life of the manors.

The Merchants' Guild was of ancient origin. It was made up of traders, those who bought and sold products. The Craft Guild was made up of manufacturers, crude though they may have been. They could produce and also sell, and for that reason they became more important than those who bought and sold. The craft and the craftsman made up the guild. Members consisted of masters, journeymen, and apprentices. The masters were required to observe the guild's rules as to the quality of produce, prices, and conditions of sale. These guilds were not national but municipal associations, and persons from other towns were regarded as foreigners.

There were elaborate regulations to guide the local guild members in the conduct of their trade and to protect the

townspeople against dealings regarded as unfair. Fines and penalties were provided for those who violated those regulations.

The value of a commodity was not a price made by the buyer and seller, but prices were determined and fixed by official authority. The fair price, or just price, fixed by such authorities resembled what we to-day describe as a cost-of-production price; and while costs were not determined competitively, they were relevant to a determination of a rate which would support the producer in a fashion becoming a member of the class to which he belonged.

Gradually certain forces appeared which led to a disintegration of the guild system. Among these forces were the inclosure of lands in England during the fifteenth and sixteenth centuries for sheep raising, a system which forced large numbers of rural inhabitants into the cities. The guilds became more exclusive in an attempt to keep out a large influx of rural workers, and the rural workers produced goods outside of the cities and marketed them surreptitiously in the cities. This weakened the guilds' monopolies and led the guild workers to emigrate outside of the towns to engage in the illegitimate marketing of goods below the guild prices, and in the sixteenth century Henry the Eighth confiscated all the communal property of the guilds in England used for religious and communal purposes.

Thus we see that during the guild period, as during the feudal manorial period—and the two were contemporaneous in many sections—the business man was closely regulated in his economic activities for the benefit of the producer and the consumer. The breakdown of the feudal and guild systems was accompanied by great political changes. The governments, particularly of England, greatly increased in power with the rise of joint-stock companies trading throughout the then known world, with their increased revenues.

The economic and social regulations, which had been the concern of the barons and towns, were assumed by the national authority, as is demonstrated during the sixteenth century by the regulation of apprenticeships, hours of labor, wages, prices, and provisions for caring for the poor by the English Government. These regulations have been described as mercantilistic, and these in turn led to colonization in an attempt by the western states to find an outlet for their goods so that they might maintain a surplus of precious metals over imports. Colonies were deemed especially necessary as a source of raw material which could not be produced at home and as a market for the finished products which were manufactured at home.

Under the mercantilistic theory the institutions of the state, the interests of the people, the personal interests of the king, and the will of God were all conveniently identified as being one and the same thing. It was the practice to regard the king as the guardian of social interests, and that, through him, industry was regulated, not according to the private desires of the individuals who were seeking to gain from the situation which existed but according to the requirements of the social good. With this growth of nationalism there was the consolidation of the influence of the nobility, the guilds, and the church and state organizations, with the continuation of the emphasis upon group or social interests as interpreted by superior authority. We in America know that it was not always easy for the individual to harmonize his personal interests, as he saw them, with the group interests, as conceived by the ruling authority.

Whether the constituted authority was the medieval church, the lords and barons, the guilds, or the national government, their authoritative regulations held in check the individual aspirations and ambitions of the masses of the people, but trade and commerce had given rise to a wealthy commercial class; and when the state regulations pressed too heavily on them, it was inevitable that some means would be found for challenging the authority of the king. These means were found in the Protestant Reformation, which furnished much philosophy for advancing the merchant-class ideas and interests. While beating down the power of the Catholic Church in England, the King had made the fatal mistake of stepping from royal to a personal

interpretation of the will of God, and there arose a host of religious sects presenting great varieties of interpretations with the idea that a man's faith was a personal relationship between himself and his God. Henceforth, the authority of the state or King could be defended effectively only when reasonable and existing institutions of government could be supported on the ground that they were in harmony with the divine scheme of things. What was the divine scheme became merely a matter of individual viewpoint, as George Washington and his army demonstrated on a hundred battlefields in the American Revolution.

Mercantilism shriveled and collapsed, and the Martin Luther of the new political and social order was Adam Smith with his famous book, *An Inquiry Into the Nature and Causes of the Wealth of Nations*, published in 1776. His explanation of how industry would operate if freed from mercantilistic regulations and left to the direction of the individuals in the pursuit of their self-interests, the "laissez faire" doctrine that the states should no longer interfere with the affairs of the individual, has provided an important part of the economic theory and practice from that day to this. According to this theory, all questions of hours of labor, wages, prices, provisions, care of the poor, and so forth, should be left to the individuals immediately concerned, for if every individual followed his self-interests he would receive the net worth of his desire, because his self-interest would not permit him to accept less, and the individual self-interests of others would not permit him to receive more.

Mr. President, I would emphasize that Adam Smith evolved his philosophy during a comparatively simple period of history when a man could acquire the control of the simple manufacturing instruments necessary to carry on industry during the handicraft stage, or could enter any industry which might be dictated by his interests and talents. He might appraise the value of a suit of clothes when he spun, wove, and made the clothes, but an entirely different situation is presented during the machine age when he may have no more to do with making the clothes than cutting a leg for the pants or sewing on a button. Under both the guild and handicraft, or domestic system, there was a substantial unity of interests between all workers, from the master to the apprentice, or between the man who supplied the raw material and the man who fabricated them, but under the factory system there was no such unity of interests. The instruments of production were controlled by the capitalistic owners who rarely, if ever, came into contact with the workers and who were not responsible in any manner for their support during sickness, unemployment, or old age. During the machine age the workers have generally resented the competition of more and more refined machinery. I have neither the time nor the inclination to enter into a discussion of these long struggles between capital and labor during many years of the factory system.

I merely pause here to invite attention to the writers on technocracy who have told us that an entire rayon factory can be made to run with only one man to attend to the electric switches, that newspaper type may be set simultaneously in a dozen or more cities, and that while the efficiency of factories is constantly increasing, the number of needed employees is constantly decreasing. Said an authority in *Harper's Magazine* for January, 1933, page 135, that:

One of the classic examples of the marvels of technological efficiency is the Smith plant at Milwaukee, which can, with 208 men, turn out 10,000 automobile chassis frames in one day. There are many, many more. The mechanical verifiers, sorting machines, automatic interpreters, and electrical tabulating machines . . . have almost reduced bookkeeping and accounting to a completely mechanical process. (I might inject here that the Congress of the United States has been a party to this process, for it now has in many of the departments and establishments of the Government these mechanical bookkeeping, sorting, etc., machines.) We have already spoken of the New Jersey rayon factory that will eventually require the services of but a single man. . . . The public is already well acquainted with the teletype in the telegraph offices. In much the same way the typesetter sets type automatically and simultaneously in any number of cities when a master keyboard is operated in one central place. . . . In a chain system of newspapers, the fate of the linotype operator is plain.

Again there is the photoelectric cell, popularly known as the electric eye, which can decimate the workers' ranks in scores of trades. It can detect the imperfections in cloth, it can sort articles of almost any description. The General Electric is now marketing a photoelectric cell which can be used for almost any sort of control purposes. Another application of the cell has just annexed the field of photo-engraving. Three-color plates are produced in half an hour instead of 36. It can operate over a telephone or telegraph wire at any distance.

The mechanical preparation and packing of groceries are well known. Cigarettes so blithely advertised as untouched by human hands can now be made at the rate of 2,000 or 3,000 per minute per man, where last year only 500 or 600 could be made. Technology has laid hands on the building industry, and factory-fabricated houses to be turned out in sections and put together by a pocket wrench are about to appear on the market, provided the depression doesn't first eliminate the market. Corporations may do their utmost to hold back inventions that threaten their existence, just as razor-blade manufacturers shudder at the thought of a blade, now in existence but never commercially produced, which will last a lifetime and costs 30 cents; but here and there, faster and faster, technology is breaking through the line.

The technological processes are going on all about us. The present depression has hastened the process. In order to dispense with labor, cut costs, increase output, and cheapen the price in a desperate effort to earn enough to keep their business going, industrialists have adopted almost every conceivable mechanical improvement. With the great rapidity with which they can make every article, the fewer men they need to do it, and as a consequence there are fewer purchasers with money to buy the products. Production reached its peak in 1929. Wherever mechanization has taken place, both the man hours and the energy required per unit have decreased. The same writer quoted above, in the same article, makes this further comment:

The flour-milling industry, for example, had 9,500 plants in 1899, which increased to a maximum of 11,700 mills in 1909, only to decline by 1929 to a meager 2,900 mills. The workers declined from 32,000 in 1899 to 26,400 in 1929. But while the number of plants and the number of workers declined, the amount of wheat ground increased from 471,000,000 bushels ground in 1899 to 546,000,000 bushels ground in 1929.

The steel industry produced 11,000,000 metric tons in 1900, requiring approximately 600,000,000 man hours. In 1929 the steel industry had a production of 58,000,000 metric tons, requiring only 770,000,000 man hours. In 1900 it required 70 man hours per ton, while in 1929 only 13 man hours per ton were necessary.

In 1904 in the automobile industry 1,291 man-hours were required to produce one vehicle. In 1919 the industry manufactured approximately 1,600,000 vehicles, requiring 606,409,000 man-hours, or 313 man-hours per vehicle. In 1929 the industry reached its peak of production; 5,600,000 vehicles were made, requiring 521,468,000 man-hours, or 92 man-hours per vehicle. In 1929 we produced 4,000,000 more automobiles than in 1919, with 84,000,000 fewer man-hours. Automobile manufacture required its greatest number of man-hours in 1919. Its high point of total employment was reached in 1923; both have declined continuously since that time.

But I am concerned with principle and not detail. Every man who has given thought to these problems knows what has taken place in every kind of industry. Increased mechanization has led to increased production with increased unemployment and decreased purchasing power on the part of those who must be depended upon to purchase the products of industry. Now we are confronted with want, misery, and hunger in a land of plenty. Factories are idle because purchasers are without money to buy their products. Farmers find it difficult to pay their taxes and to keep interest payments up on their homes, while their barns are filled with the fruits of the soil. Men and women, all eager to work, fill the streets and highways as they walk about searching for employment. The "laissez faire" system of Adam Smith, applied to the mechanized factory system of today, has broken down, even as the guilds and mercantilistic systems of other years broke down.

There is this difference, however. When the guilds and mercantilistic systems broke down, there were immense quantities of new lands rich in natural resources awaiting the coming of him who should till the soil. The surplus population found homes in these new lands and new opportunities where they could start life again. No homes were opened for those who had lost out in the struggle with the machine, but it was possible to shift from one industry to another. The new lands are now exhausted, and it is growing more and more difficult for other industries to absorb

those thrown out of employment by the mechanization of some industries. A writer in the *Political Science Quarterly* for December, 1932, said:

In the present industrial and agricultural situation, the effective use of modern machinery and technology is being impeded by the inherited institutional complex of free competition, bank credits, and fluctuating prices, with the concomitant social distress of unemployment and unnecessary poverty. We are endeavoring by all manner of expedients to avoid some of these difficulties and to remedy some of the defects, but it is evident that the onward march of technology will necessitate large-scale modifications in our institutional arrangements.

The expedients of reconstruction finance corporations, agricultural surplus controls, Federal home-loan banks, and such instrumentalities are but temporary. They are as powerless to stem the tide of the existing economic debacle as were the forces which attempted to restrain the feudal, guild, or mercantilistic systems. It appears that nothing in the way of forces to combat the present depression has brought satisfactory results. President Hoover appointed a research committee on social trends, and, after three years or more of diligent study of social problems, it reported a few weeks ago that—

There can be no assurance that violent revolution in America can be averted unless there be a more impressive integration of social skills and fusing of social purposes than is revealed by recent trends.

The work of this committee was made possible, as I understand, by a grant of funds by the Rockefeller Foundation. It is my information that the committee was headed by Dr. Wesley C. Mitchell, of Columbia University. I find this statement in the report:

It is improbable that the old order can be brought back or that it would be for the best interest of the younger generation to have it as it was. Under the old order every day we were drifting further into a sordid materialistic condition of affairs in which the spiritual element was wholly lacking. And, after all, the human race can not be said to be making any real progress unless it is along spiritual lines. This crisis gives us an opportunity, of which it is to be hoped we will take advantage. If we wish to continue our capitalistic civilization, we must make it less selfish and broader in its general scope.

A capitalistic civilization is the only kind we understand, and there is no need for us to drift into strange ventures, such as the Russians are not too successfully trying at present.

And yet, if we do not endeavor to improve conditions, so that in the future the general purpose will be higher than it has been in the past, the danger of a Lenin dictatorship will become more and more imminent.

Colonel House, in his statement that continuation of the present order will drift us into greater and greater danger of a Lenin dictatorship, is at one with the conclusions of President Hoover's Committee on Social Trends, when he says:

Unless there can be a more impressive integration of skills and fusing of social purposes than is revealed by recent trends, there can be no assurance that these alternatives, with their accompaniments of violent revolution, dark periods of serious repressions of liberties and democratic forms, the proscription and loss of many useful elements in the present productive system, can be averted.

No one could accuse Colonel House or President Hoover's Committee on Social Trends as being reds and socialists or with desire to destroy our capitalistic system. They would preserve it by modifying it to meet our present economic conditions. That system, as it now exists, is doomed and will pass as surely as the manorial, guild, and mercantilistic systems of other ages disappeared because they were not adapted to the changing requirements of the economic and social orders. Shall we, who are charged by the people with the responsibility of seeking a way out to preserve our institutions, waste our time and efforts in bootless experiments with expedients until our system topples about our ears and drags us all to destruction? As Colonel House says in his Liberty article:

It is bootless to say that this can not happen. Anything may happen in times like these. The minds of our people are in a ferment, and things which we would have declared impossible a few years ago are in actual process of coming about. One of the causes of unrest is the almost complete lack of confidence in our political and financial leaders. It is an unfortunate state of affairs, but unhappily it is one that actually exists. And there is reason for it. The theories and predictions that have been made,

and the advice that has been given, seem incredible in the light of subsequent events. In consequence, there are few political and financial anchorage spots left.

I charge that the existing economic practices have not only beggared the worker and the farmer with loss of confidence in political and financial leaders who permitted such practices to continue when the reasons for the laissez faire doctrine had long ceased to exist, but I charge that it has beggared capital itself. Let me illustrate by taking another extract from the writer in Harper's Magazine. Says he:

Consider, for example, the Ford Motor Co., which is the sole property of Mr. and Mrs. Ford and their son, Edsel. In 1930 the company had outstanding 172,645 shares of stock owned by these three persons, which yielded a profit of \$257 a share. Allowing for all the spinning wheels, antique furniture, and wayside inns in the world, how much can three persons spend of a single year's profit of over \$44,000,000? Obviously, not very much. The one thing possible is reinvestment, and the only possible place for reinvestment is production. This means that production must pay further interest and dividends. Year after year this reinvestment in stocks and bonds (which are, of course, mere shares in the debt owed by production) has demanded more and more interest on production.

In order to keep up with this mad business production has to increase at a compound interest rate in order to pay for the river of money being invested in it. This, of course, is impossible, and the result has been—this is not guesswork, but a statement proven by bleak and cold figures available to anybody—that debt has increased faster than production. The only way to maintain this debt (for neither the bankers nor anyone else expect it to be paid) is with continuously increasing sales of goods, and when debt increases faster than we have made the goods, which is exactly what has happened, we steadily approach a point where the whole concern goes to pieces. To pay our debts we have to borrow on our goods faster than we can make them. And all the while the rate of the debt increase is greater than the population increase so that each year we owe more than we did before, and next year we must owe more than we do to-day.

Let me cite another example in support of my point that the existing system is making a beggar out of capital. Stuart Chase, in his book *The New Deal*, says:

In the United States we have at the present time a shoe factory capacity of some 900,000,000 pairs a year. We buy 300,000,000 and could hardly wear out 500,000,000 pairs, yet new shoe factories, in normal times, are constantly being built. Bankers loan money to their promoters. The extension of the shoe business is held to be a cardinal requisite to progress, prosperity, employment. Meanwhile the existing shoe factories stand, on the average, two-thirds empty. The resulting appalling burden of overhead costs forces manufacturer after manufacturer into bankruptcy. And always will. We have the plant but can not make adequate use of it. Jam yesterday, jam to-morrow, but never jam to-day. Men want jobs, people want shoes, but men can not go to work in these all but empty factories. They can build new shoe factories in a boom and walk the streets in a slump. In addition to building the plant itself a favorite practice in recent years has been to devote the surplus to financing spirited selling campaigns and to pyramiding the financial structure through mergers, holding companies, and stock-selling promotions.

* * * Labor and management, supported by bankers and creditors, supported in turn by savings seeking profitable investment, go on rearing the capital structure to the skies. Look at the towers of Manhattan, look at the new mills of North Carolina, look at the new mechanized cotton farms of Texas. Virtually half of the investments in the United States in recent years is never put to work, while on all of it is snugly laid a blanket of indebtedness carrying a huge volume of fixed charges. The profitable investment demands a profit and rent and interest. But the underlying plant is increasingly incapable of earning a profit because of inadequate utilization.

If this brief and inadequate sketch of the economic systems since the medieval period is insufficient to lead the thinking man and woman to the conclusion that we must, governmentally, discard the remaining vestiges of the laissez-faire doctrine of Adam Smith, and return to a governmentally controlled system similar to that which has existed through most of the period since the Middle Ages, then nothing that I could say would accomplish that end. Unquestionably the economic world is now sick. I believe with Colonel House that we can not return to the old order of things, and I further believe that for the happiness and comfort of our children and our children's children we should not return if we could.

The suggestions I have made seek a middle ground between laissez-faire capitalism on the one hand and communism on the other. They seek to preserve a capitalistic society by limiting the returns which capital may take from

the enterprise engaged in interstate commerce, and this would force distribution of the balance between the consumer and the worker. Guided by business intelligence, the surplus earnings of industry would have to be distributed to the workers in the form of shorter hours, possibly in higher wages, and to the consumer in lower prices. This would increase employment, with little if any decrease in wages, and would in turn increase the demand for the products of the farm and factory. Capital could not take all the traffic would bear, all the excess earnings, and reinvest them in larger and larger plants, in more and more producers' goods as compared with consumers' goods. Instead of the earnings, in excess of the marginal wage, going to capital to be reinvested in useless plants which are a social and economic loss, for the most part, such earnings in excess of a fair rate of return would go to the worker and to the consumer, who would increase their standards of living, buy better homes, and who would use these excess earnings to much better advantage than the Fords, for instance, who can not possibly use their incomes from capital. To this extent, the plan is not unlike the results obtained by the guilds, except that instead of fixing prices the amount of profit is fixed. Prices are left to be fixed, as they now are, by the cost of production, competition, and demand and supply. Even if the Constitution should be modified to permit it to be done, I do not think that in this complex age a government could successfully fix prices of commodities.

Contributory to this basic idea the plan provides that a certain percentage of the net income of industry engaged in interstate commerce should be set aside and invested in Government securities—National, State, and municipal—to be used as an unemployment fund during periods of business recession. During the prosperous years industry could build up an employment fund to tide it over the lean years, and to this extent the proposal differs from the recapture clause of the interstate commerce act, sustained by the Supreme Court of the United States in two cases, which does not permit the balancing of excess earnings of prosperous years against deficits in lean years, with the result that we have the railroads of the country in a very bad condition, with the Reconstruction Finance Corporation dishing out the public credit to the railroads, including those which have had excess earnings in prosperous years, in an attempt to tide them over the danger of bankruptcy. Such a scheme would eliminate the pressing demand for unemployment insurance, old-age pensions, and the dole.

The limitation of the amount of profit capital could take from interstate industry will tend to eliminate unfair methods of competition for which we are now spending large sums of public money in largely abortive corrective attempts. Wasteful and uneconomic advertising and selling campaigns would be largely eliminated. After I had considered these things there came to my attention an extract from the report of President Hoover's research committee, which expresses my thought on this point in the following words:

We devote far more attention to making money than to spending it, and the buying public is confronted with high-pressure salesmanship, installment-selling propaganda, and other sales tactics adopted by competitors in business to get their share of the consumer's dollar.

The profit motive has led to this turn of affairs. By reducing the profit motive to not exceeding a fixed return, the buying public will not be so largely confronted with so much sales propaganda. At the same time combines will be made possible in the interest of economic production without fear on the part of the consumers that such combinations would result in increased prices due to monopolies. In my judgment, the Granger movement, culminating in the Sherman Act, while necessary at the time to curb ruthless capital protected under the fetish of laissez faire, went too far, to the detriment of both capital and consumers, by preventing combinations necessary for reduction of the cost of production. Under this plan all these questions will be eliminated from our economic life as concerns interstate commerce.

The devotee of laissez faire will doubtless condemn this bill on the ground that it is unfair to capital. He would

prefer, doubtless, that the capitalistic system be wrecked than that we revert to a modified form of controlled capitalism which served mankind for centuries. There is no hope of convincing those who firmly hold such opinions, but I would call attention of the country to the undoubted fact that the Federal Government has, in the past, limited the return to capital by taking, in the form of taxes, all of the income in excess of a certain percentage. Through taxation the Federal Government could doubtless take all profit from industry, whether or not engaged in interstate commerce, but such unreasonably high taxes imposed on capital is no solution to the economic problems confronting us to-day.

Aside from the fact that I am not one of those who believe that the burden of taxation should be borne by the few; such a form of taxation leads to extravagance, favoritism, and waste in governmental expenditures. It also leads to the taking of money from productive enterprises until finally we reach the situation we are in at present, when the Government is the only organization which can command the funds for enterprises, and we have the spectacle of Government credit being loaned, or, in the end, given to private industry. The burdens of government should be borne by all in proportion to their benefits from government, and in all cases the citizen should pay some amount of taxes to help support his government. Moreover, as I have heretofore pointed out, the difference between limiting the returns to capital, by taking all above a certain amount in the form of taxes for nonproductive enterprises, and my plan of forcing the distribution of the excess above a certain amount among the workers and the consumers is as broad as the Atlantic Ocean.

Granted that our economic system is out of joint; that there is the gravest danger both to capital and our Government in the present plan of drift, and that something should be done about it, I realize that my plan will meet with objections from some quarters. The man who points out the dangers and urges that something be done about it has the advantage of the man who offers a specific plan. Yet, as I have said, I offer this plan to the country at this time that it may give it thought, offer both constructive and destructive criticism during the coming months, and when we enter on the next session of Congress I hope that it may be taken up for action.

There is one further thought I wish to mention at this time. Shortening the hours of labor, distribution of a larger share of the earnings of industry to the consumers and workers, and the establishment of unemployment funds can not be accomplished through voluntary action on the part of capital. Mr. Edward A. Filene, the distinguished Boston merchant and philanthropist, writing for the New York Times of January 1, 1933, urged that capital adopt a shorter work day and a shorter work week with no reductions in wages; in other words, that capital voluntarily give the workers a greater share of the net earnings of industry, on the ground that such action on the part of capital would not only cure the existing depression, but would tend to prevent future depressions. He did not mention unemployment insurance or old-age pensions, presumably on the theory that the Government should continue to care for the needy and the aged, with capital bearing only a share instead of all the expense of such care. Said he:

The admitted hitch in this plan lies in its requirement of concerted action. Big business must lead the way if little business is to follow. But there is no reason why big business should not be expected to lead the way. It has become big business by leading the way. We have a right to ask that it be big in some other respects than in its total capitalization, or the total number of acres of space in its combined plants.

Mr. Walter C. Teagle, the able and conscientious president of the Standard Oil Co. of New Jersey, very unselfishly and patriotically has temporarily deserted his business in an attempt to secure the voluntary adoption by industry of the share-the-work movement, a movement designed to secure the voluntary adoption by industry, for the period of the depression, of the shorter work day and the shorter work week. The work of Mr. Teagle has been good, and I, for

one, give him all honor for the results. But we all know that the unemployment situation has grown worse.

As Mr. Filene has well said, "The hitch in this plan is its requirement of concerted action," and, I might add, voluntary action. It can no more succeed without compulsion on the part of the Government than could the regulation of the hours of industry, the rate of wages, and so forth, succeed during the guild and mercantilistic periods without the compulsory action of superior authority. Undoubtedly there are many others in big business who think with Mr. Filene and Mr. Teagle, and their plans would have been adopted long ago but for the force of competition. There must be interposed the strong arm of the law to assist the good industries in bringing about reforms in our present competitive capitalistic structure which they can not accomplish unaided. Their unscrupulous competitors must be compelled to follow a minimum order of things for the good of the social order. I appreciate the fact that the blundering of Government in business in recent years gives no assurance that a Government-controlled economic system will always be enlightened, but I have hopes that under my plan business men will take the same interest in good government as was taken by the guild leaders of another period.

The adoption of a 6-hour day and a 5-day week, without the distribution to the workers and consumers of a greater share of the earnings of industry, will not correct the existing evils, though it is possible that it would greatly mitigate them. But, even if such a shorter workday and work week were desirable, there is, in my opinion, no possibility of its acceptance through voluntary action on the part of industry. Human greed will prevent it. There is likewise, in my judgment, no constitutional power in the Federal Government for a law requiring its adoption. The hours of work are a matter of contract between the employer and the employed, and, under our Constitution, there can be no such interference with the matter of contract. Of course, the Constitution might be amended, after several years, to authorize the adoption of such a law, but I fear that it would then be too late.

This Nation came into being largely because of the necessity to regulate interstate and foreign commerce. Article I, section 8, of the Constitution expressly gave the Congress unlimited power to regulate such commerce, and under that power I propose that the Congress shall deny the right to engage in interstate or foreign commerce to any corporation, individual, or association for profit that is not incorporated under Federal law, and, as an incident of that incorporation, I propose to limit the amount of the net earnings that capital may take from industry and to require that a certain percentage of the net earnings be set aside each year as an unemployment fund. Having regulated industry in these two respects, I believe that capital, or the entrepreneurs in charge of capital operations, may be left free to divide the balance of the earnings between labor and the consumer.

The penalty for failure to observe these requirements would be the forfeiture of the Federal charter and consequent denial of the right to engage, or ship products, in interstate or foreign commerce. The plan does not provide for the establishment of commercial tribunals to enforce these requirements or to determine disputed questions as to cost of reproduction of plant, distribution of earnings, and so forth. I believe that the existing machinery of the law may be sufficient to enforce these requirements on industry where the buccaneers will be watched by competitors, by labor, and by consumers, even as under the guild and mercantilistic systems. If experience should prove that special tribunals are necessary, we can then establish them.

Mr. President, the suggestions which I have made are rather crude I know. I believe the time has come when it is of the utmost importance that we deal sincerely and intelligently with the many grave questions that confront the country on every hand. Business is about destroyed. Industry is prostrated. If we are going to bring business back again, then we ought to start out on a better foundation than that on which we builded before. We ought to plant the recovery and the new business on a solid rock, so that

there may never again occur the same things that we see in the country, which have been continuing for the last few years and which will continue probably for many years to come.

I do not believe we are even approaching or nearly approaching the end of the depression. I do not believe that we need expect that we will find some solution that will bring prosperity to us again within the next six months or the next year or probably in the next few years. We have a long, hard fight before us. If we fight valiantly, using the wisdom that we have, using the experiences of the past, if we go back far enough and make a study of all governmental problems, I have hopes that again we may make America what she has been in the past and what she ought always to be, and that is the greatest nation in the world. But if we hesitate much longer, if we wonder how we are going to find a way out, and stand and wait patiently for some fairy to come to us and whisper that if we will follow a certain road it will lead out of the morass and on to safe ground—I am afraid if we wait for something of that kind that the prophecies which have been made by many wise men that destruction is not far away may be fulfilled.

Mr. President, I do not know whether the suggestions I have made contain any very great merit, but I am hopeful that somebody will bring forward a suggestion that at least will hold out some hope that the people are not going to have to endure much longer a continuance of present conditions. We take too much time with little things. We do not view the entire canvas. We do not survey the entire horizon. We circumscribe our vision. I think that we must give our combined judgment to a consideration of the questions that affect our entire country and the entire world. We can no longer live by ourselves alone, neither in the community, in a State of our Union, or in our Nation itself. We must live as a part of this great world that is so closely interwoven that we can not any longer say we will live alone.

LIMITATION OF WORKING HOURS

Mr. BLACK. Mr. President, in line with the very thoughtful and interesting discussion just presented by the Senator from Kentucky [Mr. LOGAN] I desire to send to the desk and have read a letter from Mr. Joseph Berlinger, of 1333 Broadway, New York, touching to some extent upon the same subject. I ask unanimous consent that it be read.

The PRESIDING OFFICER (Mr. Fess in the chair). Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

NEW YORK, N. Y., February 20, 1933.

Senator BLACK,

United States Senate, Washington, D. C.

DEAR SENATOR: Being a strong believer in your proposed bill to prohibit interstate shipments of goods produced by persons employed more than 5 days a week or 6 hours a day, I take the liberty of calling your attention to the condition that exists in the silk industry.

This industry, in spite of the general depression, has continued to enjoy as great a yardage consumption as in its most prosperous years. The producers, however, who have been running their mills from 54 to 60 hours a week and a great many running their looms on a day and night shift, have created such a condition that in spite of a continuously active demand they are actually forced to sell their production at cost or below cost with the result that 95 per cent of the manufacturers are virtually in bankruptcy.

Nothing, in my opinion, would bring back confidence and prosperity quicker than your bill to limit working hours. It would put back to work at least 5,000,000 people who are now unemployed. This would enable the producer to sell goods at a profit instead of a loss by eliminating overproduction.

To illustrate how other countries attempt to spread employment:

On a recent trip to France a friend of mine who is an exporter in Paris (not a producer) was fined 3,000 francs by the government for having worked two nights merely shipping merchandise.

All kinds of remedies have been suggested. These have been fruitless cluttings at a straw. It is my firm belief that nothing will end this depression or bring back prosperity quicker than the spreading of employment which your bill, by the restriction of working hours, offers. It will give the struggling merchant an opportunity to sell his product at a profit rather than at cost or at a loss.

I am at a loss to understand why there has not been more emphasis given to this movement and sincerely hope your bill will receive the consideration that it so richly merits.

Yours very respectfully,

JOSEPH BERLINGER.

ENROLLED BILL SIGNED

The VICE PRESIDENT announced his signature to the enrolled bill (H. R. 7522) to provide a new Civil Code for the Canal Zone and to repeal the existing Civil Code, which had previously been signed by the Speaker of the House of Representatives.

REPORT OF THE ARCHITECT OF THE CAPITOL (S. DOC. NO. 189)

The VICE PRESIDENT laid before the Senate a letter from the Architect of the Capitol, transmitting the annual report of the operations of his office for the fiscal year ended June 30, 1932, which, with the accompanying report, was referred to the Committee on Public Buildings and Grounds and ordered to be printed.

CROP LOANS TO FARMERS—PUERTO RICO

The VICE PRESIDENT laid before the Senate a telegram from the Speaker of the House of Representatives of Puerto Rico, which was ordered to lie on the table and to be printed in the RECORD, as follows:

SAN JUAN, P. R., February 21, 1933.

Hon. CHARLES CURTIS,

President United States Senate, Washington, D. C.:

The House of Representatives of Puerto Rico requests that you exercise your efficacious influence to have the provisions of S. 5160, providing for crop loans to farmers during the year 1933, made extensive to Puerto Rico, in view of the urgent need thereof felt by the agriculture of the island.

MIGUEL A. GARCIA MENDEZ,

Speaker House of Representatives of Puerto Rico.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of Wisconsin, memorializing Congress to change the laws governing officers' retirement pay so that no such pay will be allowed to anyone who receives a salary or other income of \$4,800 or more, and that the money thus saved be used to pay the soldiers' bonus in cash to veterans who are unemployed and in dire need, which was ordered to lie on the table.

(See joint resolution printed in full when presented to-day by Mr. LA FOLLETTE.)

The VICE PRESIDENT also laid before the Senate resolutions adopted by the common councils of the cities of New Britain and Stamford, Conn., the council of the city of Northampton, Mass.; the City Commission of Pontiac, Mich.; and the City Council of Charleston, S. C., favoring the passage of legislation authorizing the Postmaster General to issue a special series of postage stamps of the denomination of 3 cents commemorative of the one hundred and fiftieth anniversary of the naturalization and appointment as brevet brigadier general of the Continental Army of Thaddeus Kosciuszko, a hero of the Revolutionary War, on October 13, 1783, which were referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a letter in the nature of a petition from W. D. Chambers, of Muncie, Ind., praying for an amendment to the Constitution reducing the number of Senators from 96 to 24 and the number of Representatives in Congress to 100, the Senators to be chosen by eight different geographical groups of States of the Union, etc., which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by the United Front Anticommissary Plan Conference under the auspices of the Unemployed Councils of the City of Philadelphia, Pa., opposing all proposals to create military forced labor camps for the youth of the Nation, and favoring the establishment of a system of Federal unemployment insurance and the making of appropriations for immediate cash relief for the unemployed without discrimination as to age, sex, or color, which were ordered to lie on the table.

He also laid before the Senate the petition of Hy C. and Adam Schmidt, of Slaughter, and sundry citizens of the State of Louisiana, praying for a continuance of the investigation of the Louisiana senatorial election of 1932 and the necessary allotment of money therefor, by the special committee of the Senate to investigate campaign expenditures of the various presidential, vice presidential, and senatorial

candidates in 1932, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate a telegram from the Women's Independent Voters Club of New Orleans, La., which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate and ordered to be printed in the RECORD, as follows:

NEW ORLEANS, LA., February 21, 1933.

Vice President CHARLES CURTIS,

United States Senate, Washington, D. C.:

In order to further unquestionably fair elections in the future in Louisiana and believing that much additional evidence can be procured from all parts of the State the Women's Independent Voters Club of New Orleans urges you to make it possible to continue the investigation of the Overton-Broussard election.

WOMEN'S INDEPENDENT VOTERS CLUB.

The VICE PRESIDENT also laid before the Senate 13 telegrams of similar tenor to the above from sundry citizens and organizations in the State of Louisiana, which were referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate letters in the nature of memorials from Louis P. de la Croix, and also Frank H. Perilloux, president the Louisiana Democratic Club of the Eighth Ward, and sundry members of that organization, all of New Orleans, La., remonstrating against a continuance of the investigation of the Louisiana senatorial election of 1932 and the spending of additional money therefor by the special committee of the Senate to investigate campaign expenditures of the various presidential, vice presidential, and senatorial candidates in 1932, which were referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate a telegram from J. E. Ray, of Alexandria, La., which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate and ordered to be printed in the RECORD, as follows:

ALEXANDRIA, LA., February 22, 1933.

Hon. CHARLES CURTIS,

Vice President and President of the United States Senate:

As a nonpartisan business man, the first week's investigation in New Orleans confirms my conviction of the honest and legitimate election of Mr. OVERTON to United States Senate not even claimed by Senator BROUSSARD. Further investigation will entail useless expenditure, will multiply discord and personal feeling, and cause business disturbances in Louisiana that years will not overcome.

J. E. RAY.

The VICE PRESIDENT also laid before the Senate 300 telegrams of similar tenor to the above from sundry citizens and organizations in the State of Louisiana and one citizen in the State of Texas, which were referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. LA FOLLETTE presented the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

STATE OF WISCONSIN.

Joint resolution relating to officers' retirement pay allowed by the Federal Government to persons receiving large salaries and to payment of the soldiers' bonus to veterans in need

Whereas under the present Federal laws a great many persons with large salaries are drawing large amounts as officers' retirement pay in addition to their salaries; and

Whereas many of ex-service men are in dire need because unemployed: Therefore be it

Resolved by the senate (the assembly concurring), That the Legislature of Wisconsin respectfully memorializes the Congress of the United States to change the laws governing officers' retirement pay so that no such pay will be allowed to anyone who receives a salary or other income of \$4,800 or more, and that the money thus saved be used to pay the soldiers' bonus in cash to veterans who are unemployed and in dire need; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

THOS. J. O'MALLEY,
President of the Senate.

R. A. COBBAN,
Chief Clerk of the Senate.

C. T. YOUNG,
Speaker of the Assembly.

JOHN J. SLOCUM,
Chief Clerk of the Assembly.

Mr. COPELAND presented the memorial of Alma J. Leet, of Hartfield, N. Y., remonstrating against the repeal of the eighteenth amendment of the Constitution, and favoring the maintenance and enforcement of the prohibition laws, which was ordered to lie on the table.

He also presented resolutions adopted by Steve Katouis Branch, International Labor Defence, of New York City, N. Y., opposing all proposals to create military forced labor camps for the youth of the Nation, and favoring the establishment of a system of Federal unemployment insurance and the making of appropriations for immediate cash relief for the unemployed without discrimination as to age, sex, or color, which were ordered to lie on the table.

Mr. WALSH of Massachusetts presented a petition of 230 citizens of Springfield, Mass., praying for the passage of legislation to reevaluate the gold ounce and for the elimination of abuses connected with mass production, which was referred to the Committee on Banking and Currency.

He also presented a memorial of sundry citizens of Lowell, Mass., remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the Volstead Act, which were ordered to lie on the table.

EMBARGO ON SHIPMENTS OF ARMS AND MUNITIONS OF WAR

Mr. WALSH of Massachusetts. Mr. President, I present and ask leave to have printed in the CONGRESSIONAL RECORD, and appropriately referred, a letter and resolutions received from the secretary, and so forth, and board of directors of the American Unitarian Association of Boston, indorsing Senate Joint Resolution 229, in re the prohibition of shipments of arms and munitions of war abroad.

There being no objection, the letter and resolutions were ordered to lie on the table and to be printed in the RECORD, as follows:

BOSTON, MASS., February 15, 1933.

Hon. DAVID I. WALSH,

Washington, D. C.

MY DEAR SENATOR WALSH: I am writing you because I am much interested in the arms-embargo resolution which was introduced in the Senate by Senator BORAH, chairman of the Foreign Affairs Committee, and I understand was passed by the Senate, but on motion of Senator BINGHAM, of Connecticut, is up for reconsideration. A similar resolution, as you undoubtedly know, House Joint Resolution 580, is before the House at the present time.

As a citizen of Massachusetts, may I express to you my personal hope that you will be able to give this matter your careful consideration and that you may see your way clear to give it your hearty support when it comes before the Senate for action?

You may be interested to know that at a meeting of the board of directors of the American Unitarian Association held yesterday the inclosed resolution was adopted unanimously. This association is the central body of our denomination in this country.

Sincerely yours,

ROBERT C. DEXTER.

Resolved, That the board of directors of the American Unitarian Association hereby records its approval of House Joint Resolution 580, giving the President power to declare an embargo on shipments of arms and munitions of war to countries where such shipment "might promote or encourage the use of force in the course of a dispute or a conflict between nations"; be it further

Resolved, That copies of this vote be sent to Chairman BORAH, of the Senate Foreign Relations Committee, and Chairman McREYNOLDS, of the House Foreign Relations Committee, also to President Hoover and Secretary of State Stimson, and that copies of this resolution be given to the press; be it further

Resolved, That in case this bill does not come to a vote in the present Congress that the officers of this association be authorized to support similar legislation in ensuing Congresses, and to take such steps as are necessary to see that our attitude is made known to Representatives in such Congresses.

THE BOSTON NAVY YARD

Mr. WALSH of Massachusetts. Mr. President, I present for printing in full in the RECORD, under the rule, and to be appropriately referred, resolutions of the House of Representatives of the General Court of Massachusetts, memorializing Congress in opposition to a proposed closing in whole or in part of the Boston Navy Yard at Charlestown, Mass.

The resolutions were referred to the Committee on Appropriations, and, under the rule, ordered to be printed in the RECORD, as follows:

HOUSE OF REPRESENTATIVES,
Boston, February 17, 1933.

Resolutions memorializing Congress in opposition to proposed closing in whole or in part of the Boston Navy Yard at Charlestown

Whereas the Boston Navy Yard was long since established as one of the ports of our national defense; and

Whereas said navy yard employs upward of 2,000 persons, whose families rely upon the employment in said navy yard; and

Whereas conditions of unemployment are creating extreme hardship and suffering in this Commonwealth; and

Whereas such hardship and suffering would be greatly aggravated in the event of the closing in whole or in part of the said navy yard; and

Whereas the resultant wholesale discharge of said employees would throw them and their families upon the Government, thus requiring increased welfare appropriations: Therefore be it

Resolved, That the House of Representatives of the General Court of Massachusetts opposes any policies that involve the closing, in whole or in part, of the Boston Navy Yard, and protests against any action by the Secretary of the Navy or the Congress of the United States which will affect as aforesaid the said navy yard; and be it further

Resolved, That copies of these resolutions be forwarded at once by the secretary of the commonwealth to the President of the United States, to the Secretary of the Navy, to the chairman of the House Naval Affairs Committee, and to the Senators and Representatives in the Congress of the United States from this Commonwealth.

FRANK E. BRIDGMAN, *Clerk*.

A true copy.

Attest:

F. W. COOK,

Secretary of the Commonwealth.

THE ARMED FORCES OF THE UNITED STATES

Mr. DAVIS. Mr. President, on behalf of my colleague and myself, I ask leave to have inserted in the RECORD and appropriately referred a senate concurrent resolution adopted by the General Assembly of Pennsylvania, memorializing Congress to refrain from enacting legislation which would decrease the strength and effectiveness of the armed forces of the United States.

The concurrent resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

IN THE SENATE OF PENNSYLVANIA,
February 13, 1933.

Whereas the present Congress of the United States is considering, under the guise of economy, the radical cutting of appropriations for the support of the Army, Navy, and Marine Corps of the United States, and of the National Guard of the several States; and

Whereas the Army is at present pitifully insufficient for the defense of our mainland without regard for our insular possessions; and

Whereas the Navy is far below the standard decided upon as necessary for the safety of the United States and agreed to by the Powers in a far less unsettled time; and

Whereas the Marine Corps, although small, has proven for more than a century the most mobile and effective police force in any national or international emergency this Nation has ever had; and

Whereas through Federal aid and supervision the National Guard has risen to a point of efficiency heretofore unknown; and

Whereas no reasoning person can believe in pacific safety in the face of existing facts. Every peace pact, treaty, or League of Nations action has proven and is at present proving futile and useless to turn any nation from a policy of aggrandizement; and

Whereas events within the last 20 years have proven the futility of preserving the neutrality of the United States in the event of a major conflict; and

Whereas the existing national and international debts are the result of past unpreparedness, and existing brawl over the collection thereof the result of present unpreparedness; and

Whereas the voice of the United States in the interests of universal peace is respected only in proportion to its existing and active power; and

Whereas the effects of the present economic chaos on the governments of the world have conclusively proven that only strong, well-sustained governments can survive: Therefore be it

Resolved (if the house of representatives concur), That the Senate and House of Representatives of the 1933 session of the General Assembly of the Commonwealth of Pennsylvania hereby memorializes the present Congress of the United States to refrain from taking any action for the purpose of economy or other purpose that will further decrease the strength and effectiveness of the armed forces of the United States and the several States thereof.

The foregoing is a true and correct copy of the resolution adopted by the senate February 20, 1933, and concurred in by the house of representatives February 20, 1933.

E. C. SHANNON,

President of the Senate of Pennsylvania.

JOHN E. MCKIRDY,

Chief Clerk of the Senate.

E. F. WHITE,

Chief Clerk of the House of Representatives.

[SEAL.]

REPORTS OF COMMITTEES

Mr. HEBERT, from the Committee on Patents, to which was referred the bill (S. 5075) to provide protection by registration of designs for textiles and other materials, reported it with amendments and submitted a report (No. 1280) thereon.

Mr. STEIWER, from the Committee on Indian Affairs, to which was referred the bill (H. R. 6684) to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on Indian land when it is in the interest of the Indians so to do, reported it with amendments and submitted a report (No. 1281) thereon.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY

As in executive session,

Mr. BORAH, from the Committee on Foreign Relations, to which was referred a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed at Washington on July 18, 1932, reported it favorably with a reservation.

The VICE PRESIDENT. The treaty will be placed on the Executive Calendar.

ENROLLED BILLS AND JOINT RESOLUTIONS PRESENTED

Mr. VANDENBERG, from the Committee on Enrolled Bills, reported that on the 22d instant that committee presented to the President of the United States the following enrolled bills and joint resolutions:

S. 4065. An act authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages;

S. 4589. An act to authorize the Secretary of the Interior to make payment of part of the expenses incurred in securing improvements in drainage project of drainage district No. 1, Richardson County, Nebr., and for other purposes;

S. 4756. An act to authorize the Veterans' Administration or other Federal agencies to turn over to superintendents of the Indian Service amounts due Indians who are under legal disability, or to estates of such deceased Indians;

S. 5339. An act to authorize the Secretary of War to convey certain properties to the county of Arlington, State of Virginia, in order to connect Lee Boulevard with the Arlington Memorial Bridge, and for other purposes;

S. 5370. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.;

S. 5588. An act authorizing the acceptance of title to sites for public-building projects subject to the reservation of ore and mineral rights;

S. 5659. An act authorizing the State of Georgia to construct, maintain, and operate a toll bridge across the Savannah River at or near Lincolnton, Ga.;

S. J. Res. 237. Joint resolution authorizing the erection in the Department of State Building of a memorial to the American diplomatic and consular officers who while on active duty lost their lives under heroic or tragic circumstances; and

S. J. Res. 243. Joint resolution authorizing the President of the United States to extend a welcome to the Pan American Medical Association which holds its convention in the United States in March, 1933.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Oklahoma:

A bill (S. 5684) to authorize the Comptroller General to allow claim of district No. 13, Choctaw County, Okla., for payment of tuition for Indian pupils; to the Committee on Indian Affairs.

(Mr. DILL introduced Senate bill 5685, which appears under a separate head.)

By Mr. TOWNSEND:

A bill (S. 5686) to protect depositors in national banks, to regulate the withdrawal of deposits in such banks in certain cases, and for other purposes; to the Committee on Banking and Currency.

CONSOLIDATION OF FARM-LOAN AGENCIES—FARM MORTGAGES

Mr. DILL. I introduce a bill and ask that it may be referred to the Committee on Agriculture and Forestry.

The bill (S. 5685) to provide for the refunding of farm and home mortgages, making loans to farmers, issuance of agricultural bonds, the deposit of Government funds, and for other purposes, was read twice by its title and referred to the Committee on Agriculture and Forestry.

Mr. DILL. Mr. President, I desire to say merely a few words about the bill.

The PRESIDENT pro tempore. The Senator from Washington is recognized for that purpose.

Mr. DILL. Mr. President, in these hard times high interest rate mortgages on farms and homes are the greatest burden and handicap to the recovery of prosperity.

Of course, the first necessity for restoring prosperity is the raising of prices for commodities so the producers will make a profit and be able to buy new goods. But even after that has been brought about it will be impossible for most of the farmers and home owners to free themselves from the debt octopus unless interest rates come down.

For this purpose I have prepared this bill, Senate bill 5685, and had it referred to the Senate Committee on Agriculture.

If Congress will enact this bill into law it will:

First. Bring under one control all of the different farm-loan agencies of the Government now operating through several different departments and organizations, and thereby greatly reduce the expenses of these loan operations.

Second. Make possible the exchange of the present high-rate interest mortgages and farm-loan bonds for Government-guaranteed bonds and reduce the interest rate on farm mortgages to 3 per cent by refinancing existing mortgages.

Third. Provide abundant funds for loans for livestock and crop production at 3 per cent interest.

Fourth. Enable bona fide home owners to refinance the mortgages on their homes at 3 per cent interest.

Under this plan the Government will simply lend its credit to the farmers and home owners by selling 2 per cent bonds to raise the necessary funds for this purpose. This will lift the burden of expenses for administration from the taxpayers and place it on those who receive the benefits.

The difference in interest of 1 per cent will easily pay all costs of administration. If it is found that this 1 per cent rate brings in more money than is needed for administration Congress can later lower the interest rate to farmers.

Under present conditions, the holders of farm-loan bonds and mortgages will be glad to exchange them for Government-guaranteed bonds at the lower interest rate.

Not only is this legislation highly desirable for the present emergency, but it will establish a sound, permanent policy for credit to farmers and home owners.

It will stabilize the values of real estate and real-estate values are after all the basis of the Nation's credit structure.

METHOD OF CALLING CONVENTIONS IN THE STATES

Mr. KEAN submitted a resolution (S. Res. 368), which was ordered to lie on the table, as follows:

Resolved, That the Attorney General is requested to furnish to the Senate as soon as practicable an opinion with respect to the proper method to be followed in the calling of conventions in the several States for the purpose of ratifying or rejecting the proposed amendment to the Constitution of the United States contained in the joint resolution (S. J. Res. 211), of February 20, 1933, entitled "Joint resolution proposing an amendment to the Constitution of the United States," giving particular consideration to the question as to whether provision should be made for such conventions by enactment of the Congress or by legislative action of the several States.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 43) correcting an error in the enrollment of the bill (S. 4020) to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

S. 4020. An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict;

H. R. 13534. An act authorizing the appropriation of funds for the payment of claims to the Mexican Government under the circumstances hereinafter enumerated;

S. J. Res. 48. Joint resolution to authorize the acceptance on behalf of the United States of the bequest of the late William F. Edgar, of Los Angeles County, State of California, for the benefit of the museum and library connected with the office of the Surgeon General of the United States Army; and

H. J. Res. 561. Joint resolution amending section 2 of the joint resolution entitled "Joint resolution authorizing the President, under certain conditions, to invite the participation of other nations in the Chicago World's Fair, providing for the admission of their exhibits, and for other purposes," approved February 5, 1929, and amending section 7 of the act entitled "An act to protect the copyrights and patents of foreign exhibitors at A Century of Progress (Chicago World's Fair Centennial Celebration), to be held at Chicago, Ill., in 1933," approved July 19, 1932.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries.

IMPORTATIONS OF CUT FLOWERS

Mr. WAGNER. Mr. President, I ask unanimous consent to offer and have considered immediately a resolution which simply provides for an investigation by the Tariff Commission of the difference in cost of production of a domestic and a foreign commodity.

Mr. KING. What is the commodity?

Mr. WAGNER. Cut flowers.

Mr. KING. I shall not object to the consideration of the resolution, but I shall vote against it, because I think it is wholly unwise at this time, and that an investigation would furnish no basis for any legislative action by Congress.

The PRESIDENT pro tempore. The Senator from New York asks unanimous consent to present a Senate resolution. Is there objection?

Mr. McNARY. Let the clerk report the resolution.

The PRESIDENT pro tempore. The resolution will be reported for the information of the Senate.

The resolution (S. Res. 369) was read, as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Cut flowers, fresh, classified under paragraph 753 of such act.

The PRESIDENT pro tempore. The Senator from New York asks further unanimous consent for the present consideration of the resolution.

Mr. SMOOT. Mr. President, I want to say that quite a number of similar resolutions have been offered, and I expect to hold a meeting of the Committee on Finance in a very few days, when we will decide whether all the resolutions shall be reported or not.

Mr. WAGNER. I am simply asking for an inquiry. I am not asking for any decision on the subject. I hope the Senator from Utah will not object.

Mr. SMOOT. I shall not object.

The PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

PRODUCTION COSTS OF COTTON FISHING NETS AND NETTING

Mr. AUSTIN. Mr. President, I ask for the consideration of Senate Resolution 361, directing the Tariff Commission

to investigate the production costs of cotton fishing nets and cotton fishing netting.

Mr. KING. I shall not object to the consideration of the resolution, but I want to give notice now that when further requests are made for the consideration of such resolutions I shall ask their reference to the Committee on Finance.

The PRESIDENT pro tempore. The Chair is informed that this resolution has already been referred to the Committee on Finance, and the first action for the Senator from Vermont will be to move that the Committee on Finance be discharged from the further consideration of the resolution.

Mr. AUSTIN. I make that request.

The PRESIDENT pro tempore. Is there objection? The Chair hears none. The Senator from Vermont asks for the present consideration of the resolution.

The resolution was considered by unanimous consent, and it was agreed to, as follows:

Resolved, That the United States Tariff Commission is hereby authorized and directed to investigate for the purpose of section 336 of the tariff act of 1930 the differences in cost of production between the domestic article or articles and competitive foreign article or articles, and to report at the earliest practical date on the following items:

Cotton fishing nets and cotton fishing netting, classifiable under paragraph 923 of the tariff act of 1930.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2148) for the relief of Clarence R. Killion.

CLARENCE R. KILLION—CONFERENCE REPORT

Mr. REED submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2148) for the relief of Clarence R. Killion, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment numbered 1.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by said amendment, insert the following: "back pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act"; and the House agree to the same.

DAVID REED,

DUNCAN U. FLETCHER,

Managers on the part of the Senate.

LISTER HILL,

NUMA F. MONTET,

B. M. CHIPERFIELD,

Managers on the part of the House.

Mr. REED. I move the adoption of the conference report. The report was agreed to.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 14458) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

Mr. DICKINSON. Mr. President, is the bill still open for general amendment?

The PRESIDING OFFICER (Mr. Fess in the chair). Without objection, let the Chair state first the clerks will be authorized to make corrections of the totals. The bill is still open for amendment.

Mr. SMOOT. Mr. President, if the Senator from Iowa will permit me before he proceeds, I notice on page 37 the Printing Office has made a mistake in arranging the printed lines. There is apparently a transposition of the lines.

Mr. ROBINSON of Arkansas. The printers have merely transposed the language?

Mr. SMOOT. Yes; in several places.

The PRESIDING OFFICER. The Chair will state that the correction has been made by the clerks at the desk.

Mr. SMOOT. Very well; I merely wished to be sure that the correction is made.

Mr. DICKINSON. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 28, line 2, "Valuation of property of carriers," strike out the numerals "\$2,313,542" and insert in lieu thereof "\$1,750,000."

The PRESIDING OFFICER. The question is on the amendment of the Senator from Iowa.

Mr. DICKINSON. Mr. President, this relates to the valuation of the property of carriers by the Interstate Commerce Commission. The item has been carried in the bill since 1913. There has been spent on this work about \$50,000,000, in round numbers. I remember in 1923 and 1924 there was a promise that the commission was going to formulate a plan by which to complete the work. I can cite the promises they made in 1928 that they would complete the work in three years. Now they are promising again to complete it in three years. They suggest if given this amount of money this year they will want only \$1,750,000 next year. I think the only way we will get the reduction is to make the reduction now and keep the amount reduced. I hope the Senator from Utah will consent to the amendment.

Mr. SMOOT. Mr. President, if the Senator will yield—

Mr. DICKINSON. Certainly.

Mr. SMOOT. The appropriation referred to by the Senator under the subheading "Valuation of property of carriers" was discussed by the Subcommittee on Appropriations. The commission takes the position that the valuation of the property of the carriers ought to be completed at the very earliest date possible. I know that what the Senator says is true—that it seems almost an interminable proposition. I hope the Senator will not insist on the amendment at this time. I think the provision will virtually take care of the work now with the exception, perhaps, of a very small appropriation next year.

Mr. DICKINSON. If the Senator is relying upon what has been presented to the committee, let me say to him that I have very carefully read the hearings before the House committee. I want to go back to 1926 in the House hearings in a statement by Mr. Lewis:

Mr. Chairman and members of the committee, on December 31, 1924, appearing before this committee I laid before you two proposals. Both dealt with the same subject—the completion of the long-drawn-out work of the primary valuation of steam, telegraph, and sleeping-car carriers. This was a so-called 3-year program, which was accepted and on which we are now engaged.

Now we have another 3-year program. I want to say to the Senator from Utah that unless we cut down the amount, we will have another 3-year program next year, and another one the following year, and still another one the year after that.

Mr. SMOOT. Mr. President, I would like to go into it a little more fully. I think I had better accept the amendment and let it go to conference.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Iowa yield for that purpose?

Mr. DICKINSON. I yield.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Borah	Carey	Dickinson
Austin	Bratton	Clark	Dill
Bailey	Brookhart	Coolidge	Fess
Bankhead	Broussard	Copeland	Fletcher
Barbour	Bulkeley	Costigan	Frazier
Barkley	Bulow	Couzens	George
Bingham	Byrnes	Cutting	Glass
Black	Capper	Dale	Glenn
Blaine	Caraway	Davis	Goldsborough

Gore	Logan	Pittman	Stephens
Grammer	Long	Reed	Swanson
Hale	McGill	Reynolds	Thomas, Idaho
Harrison	McKellar	Robinson, Ark.	Thomas, Okla.
Hastings	McNary	Robinson, Ind.	Townsend
Hatfield	Metcalf	Russell	Trammell
Hayden	Moses	Schuyler	Tydings
Hebert	Neely	Sheppard	Vandenberg
Johnson	Norbeck	Shipstead	Wagner
Kean	Norris	Shortridge	Walcott
Kendrick	Nye	Smith	Walsh, Mass.
King	Oddie	Smoot	Watson
La Follette	Patterson	Steiwer	White

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present. The question is on the amendment offered by the Senator from Iowa [Mr. DICKINSON].

Mr. LA FOLLETTE. Mr. President, the Senate should not pass upon this amendment without realizing just what it involves. I do not know how the Senator from Iowa arrives at the amount which he has determined should be granted to the valuation division of the Interstate Commerce Commission, but obviously it is a very substantial cut which he proposes in the appropriation. It must be remembered, of course, that this item, like all others, has been passed on by the Budget Bureau; it has passed the House of Representatives; it has been before the subcommittee and the full Committee on Appropriations of the Senate; and has been reported at the figure now carried in the bill. The Senator from Iowa now proposes a drastic cut in the appropriation.

I submit, Mr. President, that at a time when the Federal Government, through the Reconstruction Finance Corporation, is loaning hundreds upon hundreds of millions of dollars to railroad corporations for the purpose of sustaining their capital structure during this period of emergency; at a time when we are considering legislation that deals with the subject of bankruptcy and receivership proceedings is not the time to cut the appropriation for the valuation of the railroads, which is the only protection the Government has in the premises so far as the loans which it is making and so far as the receivership proceedings are concerned.

If this matter was to have been taken up seriously, Mr. President, it should have been presented to the committee; hearings should have been held upon it; the Interstate Commerce Commission should have had an opportunity to present the situation which the cut proposed by the Senator from Iowa will produce if the amendment shall become a law.

We had a similar fight over this matter in connection with the last appropriation bill, and, after considering all the aspects of the situation, the Senate reversed the position of the committee and provided a reasonable amount for the continuation of this work.

I know, Mr. President, that it is difficult at this time to secure consideration of this important matter, but it does seem to me that the Senate should not pass upon this amendment without fully realizing the implications of the action that it was about to take. So I hope, Mr. President, the amendment offered by the Senator from Iowa will be rejected.

Mr. KING. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LA FOLLETTE. I yield.

Mr. KING. I am very reluctant to criticize any measure which was sponsored by the distinguished father of the very able Senator from Wisconsin. I looked into this question soon after I came to the Senate. It seems to me, with the changing conditions in the physical aspects of the railroads, that any figures of to-day would be valueless tomorrow or in the near future; and with the wreckage of railroads, the abandonment of many miles, and the great changes which they have undergone, it seems to me that any valuation found 5, 6, 8, 10, or 15 years ago would now be of no value. I wonder—and I ask for information—what advantage there is in finding out the mileage and the trackage of the Union Pacific Railroad, for instance, or the

Oregon Short Line or the Denver & Rio Grande, the latter of which has undergone half a dozen reorganizations since it was valued? What advantage would the figures arrived at some years ago as to trackage and the assets of the organization, many of which have been dissipated or lost in the meantime, now be in determining the basis upon which rates should be fixed or loans should be made by the Government?

Mr. LA FOLLETTE. Mr. President, the work of the valuation division of the Interstate Commerce Commission is particularly important at this time, when, as I have suggested, we are considering the extension of further Government loans to the railroads for which, under the original Reconstruction Finance Corporation act and in accordance with an amendment offered by the Senator from Michigan [Mr. COUZENS], the consent or approval of the Interstate Commerce Commission must be secured before such loans may be extended by the Reconstruction Finance Corporation. As the Senator will find if he will refer to the debate upon the independent offices appropriation bill last year, the commission fully sets forth the importance of the continuation of this work in connection with the many aspects of the railroad problem upon which the commission has to pass.

Furthermore, as I suggested, perhaps before the Senator came into the Chamber, we now have as the unfinished business of the Senate a bill providing for a change in our bankruptcy laws and our receivership laws. It is my understanding that an effort will be made on the floor of the Senate to amend that bill so as to provide that the railroads may come under its provisions.

In view of all those circumstances, I submit to the Senator that this emergency is no time to cut off this activity of the Government in gathering information, which is so essential not only in passing upon the important questions which must be determined in the crisis but also in helping us in the future to determine general policies so far as the railroads are concerned.

Mr. ROBINSON of Arkansas. Mr. President, the bill to which the Senator from Wisconsin has referred having relation to the modification of the bankruptcy act, as passed by the House of Representatives, contains a section dealing with the subject of compositions and reorganizations relating to railroads. The Senate committee reported an amendment striking that section out, but whether the Senate rejects or accepts the Senate committee recommendation, it is true that the question of railroad organization will be in conference.

I myself have no hesitancy in saying that I think, if it is possible to do so, the Senate ought to consider very seriously before accepting the committee amendment striking out the provisions in regard to the reorganization of railroads. Those provisions have been pretty carefully considered, particularly by the committee at the other end of the Capitol.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. COUZENS. I should like to draw the attention of the Senator to the hearings which were held by the subcommittee of the Banking and Currency Committee with relation to stopping loans to the railroads. The main plea of the Interstate Commerce Commissioners, the railroads and their representatives, was that we should not stop railroad loans until the proposed reorganization plan was adopted by Congress. That shows how urgent the matter is.

Mr. ROBINSON of Arkansas. Yes; I really feel that that phase of the issue is urgent—almost equally urgent, if not quite equally urgent, with other provisions in the bill that were retained by the committee.

Mr. COUZENS. Mr. President, I should like to add a word to what has already been said.

In my judgment, if the Congress adjourns without passing legislation which permits and sets up a plan for reorganizing the railroads, it will mean millions of losses through the Reconstruction Finance Corporation loans. In other words; there seems to be no sentiment for discontinuing

loans to the railroads until Congress has set up an efficient and more practical manner of reorganizing them.

Mr. ROBINSON of Arkansas. Manifestly, if reorganizations are to occur, an arrangement for them should be made as soon as practicable, because many believe that as to some of the railroads, at least, it is impossible for them to continue operations indefinitely without reorganizations having relation to their present capitalization.

I take it that that is the thought that is in the mind of the Senator from Michigan—that reorganizations as contemplated by the amendment that was stricken out by the Senate committee would be helpful to the reestablishment of some of the railroads, at least, upon a sound and successful basis.

Mr. COUZENS. That, Mr. President, is exactly my view, because what the Government has been doing through the Reconstruction Finance Corporation is to maintain the interest and maturities of bonds coming due, largely to prevent receiverships under the old system and the old plan. It is hoped that by setting up this plan, as proposed in the amendment which was taken out by the Judiciary Committee, the procedure will be simplified and further loans from the Reconstruction Finance Corporation may not be necessary, because it is obvious that if we do not continue loans and if we do not pass this bill many of the railroads would have to go into receivership.

With respect to the amendment proposed by the Senator from Iowa [Mr. DICKINSON], I desire to say that if there is either a continuation of loans by the Reconstruction Finance Corporation or the passage of the new bill providing for the reorganization of the railroads every dollar that is in this appropriation will be needed to satisfy the courts and others who participate in the reorganization or to satisfy the Reconstruction Finance Corporation that the settlement is a just and fair one as related to the values of the railroads. So it does not turn on the question raised by the junior Senator from Utah as to old valuations. I concur in what he says about old valuations. What we need now, if we are to do the job properly, is to ascertain what the property is worth to-day; and certainly, to protect the Government, we are justified in spending the money provided in the appropriation.

Mr. KING and Mr. ROBINSON of Arkansas addressed the Chair.

The VICE PRESIDENT. Does the Senator from Michigan yield; and to whom?

Mr. COUZENS. I yield to the Senator from Utah.

Mr. KING. Mr. President, as I understand, information concerning the physical properties of the railroads has been ascertained during the period of nearly 20 years since this law has been upon the statute books, the ascertainment of which has cost the Government more than \$50,000,000, when it was understood at the outset that it would cost only four or five millions.

Mr. COUZENS. I think the Senator has overestimated the amount that has been expended by the Government.

Mr. KING. No; I think it is \$50,000,000.

Mr. COUZENS. By the Government alone? No; I think that is the combined amount that has been expended by the railroads and the Government together.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. DICKINSON. I have the items here for each year; and the total amount is \$51,022,000, including this year.

Mr. KING. That was my recollection.

Mr. COUZENS. That may be so; but the Senator has not estimated how much that has saved the users of the railroads by protecting them against higher rates.

Mr. DICKINSON. I do not think it has ever saved them a nickel.

Mr. KING. Mr. President, replying to the last suggestion, the rates have been increasing notwithstanding the activities of this organization; but the question I was going to ask the Senator was this:

What superior information would the men in this organization have as to the value of property than the banks, or

the individuals, or the Senator from Michigan? A thing is worth what it will sell for. We know what the physical assets are. We know that the good will of the railroads is not very much, and perhaps the values which were placed upon the railroads were largely predicated upon the alleged good will. I was wondering what information they could give as to the value of railroads that would induce the Senator, if he were a banker, or if he were a member of the Reconstruction Finance Corporation, to extend credit of five, ten, fifteen, or a hundred million dollars to a group of railroads. He would know, of course, the physical assets, because they are apparent; but as to the market value, I am sure the Senator from Michigan is a far better judge than any of the experts in the Interstate Commerce Commission.

Mr. COUZENS. In response to the Senator from Utah, I will say that if I were passing upon a loan or a reorganization plan it would be necessary to consider the value of the securities, whether they were first mortgages and a primary lien upon the property, whether they were junior mortgages, or refunding mortgages, or what; and, obviously, it would be necessary to know something about the physical values of the property and the divisions which the several mortgages cover; and it would also be necessary to know the relation of the earnings to the respective divisions of the property.

For example, in a long discussion I had this morning with one of the Interstate Commerce Commissioners, it was pointed out that even the railroad securities of to-day, in many cases, are bringing much less than the earnings of the railroads justify. For example, take a railway mortgage that is selling to-day for 12. If we should take the actual earning power of the railroad under to-day's depression we would find that it was earning sufficient to pay a return on that mortgage at 50. I mention that because the mere market value, or what a thing can be sold for to-day, is not necessarily the controlling factor as to the future.

In that connection I wish to say that before the Finance Committee yesterday, as I think the Senator will remember, we had a considerable discussion as to whether loans to railroads or banks might be justified under to-day's values. It is alleged that these things can not be determined on to-day's values; and so we have to project ourselves into the future somewhat to determine whether ultimately these values are going to return to some normal point, or to some point along the line where they heretofore were.

The Government must be protected if any loans are to be made by the Reconstruction Finance Corporation. The Government must be protected if the Interstate Commerce Commission is to authorize reorganizations and the issuance of securities. Certainly the governmental agencies that would authorize the reorganization of a railroad should not certify to the issuance of securities, either primary or junior, without having expert information not only as to the physical value of the property but as to the prospective earnings of the property; and it seems to me shortsighted policy to cut out a million dollars for maintaining that organization for one year.

Mr. DICKINSON obtained the floor.

Mr. FLETCHER. Mr. President—

Mr. DICKINSON. Mr. President, I desire to make a short statement with reference to this situation.

I know of no place where we can save half a million dollars, without doing anybody any harm other than this item.

The strongest argument in favor of this item is the fact that it will require the furloughing of some of the personnel of the Interstate Commerce Commission engaged in this work. I do not like that. So far as the valuations that are necessary for the loans by the Reconstruction Finance Corporation are concerned, I want to make this suggestion:

We have already had valuations of the 1,685 steam railroads that were listed for valuation. Those primary valuations have been completed. Throughout these records for the last 20 years it is shown all the while that after the valuations are once completed they could be kept current

for \$400,000 per year. Now we are told that for the purpose of making loans through the Reconstruction Finance Corporation, or for the purpose of the reorganization of the railroads under the bankruptcy act, we ought to carry this item in practically the full amount for next year.

If the emergency is as great as is suggested here on the floor of the Senate, most of this will have to be done before July 1, and this appropriation bill does not become effective until July 1. They have all of the data up to that date.

Mr. TYDINGS. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Maryland?

Mr. DICKINSON. Yes; I yield.

Mr. TYDINGS. I do not want to interrupt the Senator, but I should like to have this question answered: I am impressed with what he says. If this thing is of no value, why have it at all? Why not cut it all out or let it all stay?

In other words, if the work is not going to be worth anything, we ought to cut it all out. If it is worth something, we ought to furnish enough money to carry it on.

Mr. DICKINSON. The reply I want to make to the Senator from Maryland is this: The commission say they have made their primary valuation; the rest of it is a completion of records, and so forth. All that is required is about half a million dollars to keep this work current. Instead of cutting down the way they should cut down, and saying, "We only want enough to keep the work current," they want to carry on for another year or two some of the ramifications that they have been in during the past few years.

As a matter of fact, under Order No. 3, the railroads are required to keep records of all changes in physical property and the cost thereof from the date of original valuation and to file summaries thereof.

They report to us—

This is a member of the commission testifying—

They report to us all changes in their properties, and we put people in the field—

Now, listen:

We put people in the field to check those reports.

I suppose if a railroad has a mile of road and it puts in a thousand new ties, it is desired that somebody from this bureau shall go out there and count the new ties. That is not necessary. We have these valuations summarized. We have them in shape, so that all we need to do is to check those reports on improvements and betterments to see whether or not they are in line with the usual and actual costs.

That is all that it is necessary to do. That is all the information that is necessary to make loans through the Reconstruction Finance Corporation. It is all that is necessary for the reorganization of railroads under the bankruptcy act. It is all that is necessary for the Government to have all the information they need with reference to the valuation of the railroads.

Mr. COUZENS. Mr. President, will the Senator yield at that point?

Mr. DICKINSON. I want to go a little further before I yield.

The recent railroad committee—and it was a good committee, and it has made some observations with reference to what should be done so far as the railroads are concerned—made its report only a little while ago. In section 2 I find this:

The policy of trying to appraise railroad properties on some selected basis of valuation and then saying that they are entitled to earn a fair return on this appraisal should be reconsidered. Where competition with trucks and other methods exists it will determine rates. In other cases rates must be regulated; but the basis of cost of operation under efficient management is a better general guide than any attempt to preserve capital structures regardless of economic trends. We see no reason why the rate-making rule should not say in plain English that railroads are entitled to make a reasonable profit based upon costs of efficient operation, and that they are not entitled to earnings merely to preserve present structures if overcapitalized.

Unless the railroads are permitted reasonable earnings on the cost of efficient operation, there is no alternative to Government

ownership and complete socialization of our railroad system. But that does not mean that railroads, any more than other industries, are entitled to a guaranty of earnings on their investments in property.

Those are the findings of a committee that has been appointed and has been making a special investigation of the whole railroad problem in this country; and yet we are saying that we want to continue the employment of a thousand people down here to check the railroads' inventories, to see whether or not they have put a new tie in where they have said they have or have put on a new iron where they have said they put it on, and keep up this detailed checking. The enforcement of prohibition was never in it with this class of investigation at all. I want to say that for the benefit of the Senator from Maryland [Mr. TYDINGS].

Mr. President, on top of this, this appropriation is not to become effective until the 1st day of July. If the crisis is such as described by the Senator from Michigan, it will be either on or over by that time.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. COUZENS. The Senator has not visualized the situation at all, because it will not be over for two years, let alone by July 1. The reorganization and the setting up of the capital structure of these railroads under the amendment provided will take from a year to two years before it is definitely settled. The Senator has entirely overlooked, in his discussion, the changing commodity prices, and certainly the Senator does not mean that the Interstate Commerce Commission or the Reconstruction Finance Corporation should base loans on the valuation of 1928 and 1929, without regard to what the valuation is as of to-day. There must be somebody with judgment to fix a valuation between the low point of to-day and the high point of 1928 and 1929.

Mr. DICKINSON. We have here \$1,750,000, when they admit that it takes only \$500,000 to keep the valuations up to date. Therefore all they have to do is to revise their figures by percentages, in accordance with the percentage of change, and we will have all the information the Reconstruction Finance Corporation or any reorganization committee would need.

I admit that this provision would reduce the personnel in the Interstate Commerce Commission. I think they can meet that situation by furloughs. Mr. Lewis, in his testimony, said that for 1935 they will reduce their appropriation to \$1,750,000. I am asking them to reduce it in the 1934 appropriation bill. If they can do it in two years, they can do it just twice that fast and do it in one year. There is no reason why Congress should appropriate an extra half a million dollars in order to carry on this work.

Mr. COUZENS. Mr. President, will the Senator yield again?

Mr. DICKINSON. I yield.

Mr. COUZENS. I would much prefer to take the judgment of Commissioner Eastman than even my own judgment, or the judgment of the Senator from Iowa. I have complete confidence in the judgment of Commissioner Eastman, who has devoted more hours and more years unselfishly and earnestly and honestly to the railroad problems than any Member of Congress ever has; and I do not exclude the Senator from Iowa or myself. When he says that, in his judgment, in order to maintain the service needed, this amount is necessary, I am willing to leave it to his judgment.

Mr. FESS. Mr. President, will the Senator from Iowa yield to me?

Mr. DICKINSON. I yield.

Mr. FESS. I was going to ask the Senator, What is the use consuming time in an effort to have Congress reduce these expenses? We have authorized the President, in a certain measure, to make savings, which will go to the extent of eliminating the Interstate Commerce Commission if, in his judgment, that ought to be done. There can not be a reduction of \$500,000 by a vote in Congress. What is the use taking up the time?

Mr. DICKINSON. My thought is this, that when it comes to a consolidation of these departments, the amount of money to be involved in the consolidation is to be a very important factor. We do have the right to limit this money if we will.

Mr. FESS. The Senator knows we are not going to do it on the floor of the Senate.

Mr. DICKINSON. Apparently not.

Mr. FESS. Absolutely we are not.

Mr. DICKINSON. We cry "economy," but when we get a chance to vote we all vote the other way. I would like to have a roll call on this amendment. I want to see how many Senators want economy, and how many want to keep on spending the Government's money.

Mr. SMOOT. Mr. President, in the testimony given before the subcommittee of the Committee on Appropriations this statement was made:

Under the Budget estimate for 1934 the commission expects, by the end of that fiscal year to have all valuation data brought down to a currency as of January 1, 1933, and that the amount of annual appropriation for subsequent years for keeping such information current, can be materially scaled down below its present level.

Then the witness gave the details, covering the amount of the appropriation.

Mr. DICKINSON. Mr. President, that is the same type of statement those people have been making from 1921 down to date. When they started in they said they would complete the valuation in five years at a cost not to exceed \$12,000,000. They have been at it 12 years, and the cost has been practically \$50,000,000. They will make the same statement next year if we give them an opportunity.

Mr. SMOOT. We might as well vote upon it.

Mr. LA FOLLETTE. Mr. President, not being informed that this matter was to come up, I have not had an opportunity to obtain any current information, but at the time the item was up last June, when the appropriation bill was under consideration, I received a memorandum transmitted to me by Commissioner Eastman. At that time it was stated that the work of valuation was 80 per cent completed. In view of the statement just referred to by the Senator from Utah, which shows that substantial progress has been made, I wish to refer to the statement which will be found on page 14019 of the Record of last session. It is as follows:

The commission is in a position to produce within 60 days a reliable estimate of the current physical valuation of the railroads, as a whole or for the recognized rate groups. Such data were produced in the recent 15 per cent rate increase case, Ex parte No. 103. While the commission can not now do this for each individual railroad, it will soon be able to do so, provided it is permitted to go ahead with its work.

Under present conditions and on the basis of present earnings and present market values for their securities, it may be argued that valuation of the physical properties of the railroads has lost all practical importance. But it was only a brief three or four years ago, when market prices for securities and reproduction cost indices were at top levels, that some estimates of aggregate railroad values ran as high as \$40,000,000,000 or even \$50,000,000,000. Based on past experience with prophecies, it is a rash man who can be sure that the situation will not change as radically in the other direction within the next three or four years.

Furthermore, the railroads have until recently been claiming the benefit of valuations based on reproduction costs much higher than original cost, and the tendency of the Supreme Court has been to sustain them in such claims. At the present time reproduction costs are trending rapidly in the other direction. There are many railroads whose reproduction cost is now below original cost, and there soon will be more. Under these conditions the interest of both railroads and public utilities in physical valuation is evaporating. The public is clearly entitled to the services of an organization which can produce on short notice the facts in regard to current reproduction costs and current depreciation, and this is what the bureau of valuation, as at present organized and equipped, can do. It is impossible to say when the need for such information may arise.

It is at least conceivable that if the present economic depression continues, it may be necessary for the Government to take over the railroads, as it did in the war emergency, for a period of time. If there should be need for such action in any one of a number of possible forms, the existence of a well-equipped bureau of valuation with complete valuation data at its command would be an invaluable protection to the country against possible unwarranted claims. Under such circumstances it would be folly now to disrupt and ruin this organization.

It requires years of time to build up a trained and experienced organization, such as the commission now has in its Bureau of Valuation. It takes only a short time to wreck such an organization, and that is what is now proposed. It is respectfully submitted that not even the present financial emergency is justification for such drastic action.

Mr. President, in addition to the other matters which I mentioned when I spoke a moment ago, concerning the importance of the services rendered by the valuation division, I neglected to recite the responsibilities fixed upon the commission in connection with reorganizations and mergers of railroads. It must pass upon those mergers, under the law, as they are presented, and, without a continuation of valuation work, the commission will be absolutely helpless in meeting the claims of the various railroads which are to be considered in a particular merger. It would be forced to take the value claimed by the individual carrier in such a situation.

If the Congress desires to abandon the valuation of railroads, we should have the matter presented in the form of an amendment to the act, and we should have an opportunity to test it out upon its merits. To propose an amendment as the Senator from Iowa has done, without giving any opportunity for a consideration of all of the facts in the case, seeking to secure a virtual abandonment of valuation by cutting the item in an appropriation bill, is not the proper way to proceed.

My understanding of the situation is this, that if the present item reported by the committee is permitted to stand in the bill, when the next appropriation bill is presented, sufficient progress will have been made in the process of continuing and completing valuation of roads so that it may be entirely possible to make a substantial reduction in the force of the Bureau of Valuation of the Interstate Commerce Commission.

The statement of the Senator from Iowa is not fair, that claims have constantly been made by those responsible for the work of valuation and that no progress has been made. On the contrary, progress has been made, although perhaps not as rapidly as those representing the commission hoped at the time they made their statements. Nevertheless, the fact is that on June 27, 1932, 80 per cent of the valuations were complete. As was said by the Senator from Utah in his statement, the commission is now prepared to estimate that if this appropriation is continued at its present figure, the valuation will be virtually completed in a relatively short time.

I think there is every reason to hope that it will be accomplished, for Mr. Lewis, who has been so long upon the commission, and who has rendered such excellent service, has, I understand, now been made the chief of the valuation division. We will then be in a position where, with a much smaller appropriation, we can provide a force which will be able to furnish, from the data they have then completed, accurate information for any use which the commission may have to make of it.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. DICKINSON. The same Mr. Lewis made this statement on February 6, 1926:

This was the so-called 3-year program which was accepted and on which we are now engaged.

He was at that time making exactly the same commitment he has now made, and to which the Senator is referring; and, on top of that, with the theory that the present valuation of railroads is not a proper basis for rate making, it will not be a proper basis for reorganization, it will have but very little value other than to furnish an inventory to show its completeness and as to how the roads could be reorganized, or what the valuation should be in the reorganization. So that most of the argument of the Senator from Wisconsin, it seems to me, is beside the point.

Mr. LA FOLLETTE. Mr. President, I do not agree with the Senator from Iowa. If the railroads are going through receiverships and reorganization, certainly some protection must be afforded the public in the amount of stock which

is to be issued by the new corporations. The Senator said the physical valuation will have nothing to do with that. I do not agree with him. Upon what value will we rest the issuance of the securities? Certainly in view of the past history of railroad finance I trust that we are not going to rely upon the judgment of the operators and owners of railroads and permit them to issue such amounts of stock as they deem suitable for their purposes.

Mr. President, if we are going to incorporate a provision in the bankruptcy law, which is the unfinished business, permitting railroads to come in and to have "one-day bankruptcy proceedings" and to reorganize, there certainly should be, in view of the long and black history of railroad finance in this country, some agency to protect the public interest. The Senator from Iowa, it seems to me, has not taken into consideration the important part which valuation will of necessity play if the public interest is to be protected. Therefore, I hope that the Senate will vote down the amendment offered by the Senator from Iowa, permit the item to remain at its present figure, and give an opportunity for the completion of this important piece of work which has been undertaken and has been in progress for so many years.

Mr. DICKINSON. Mr. President, I simply want to make the suggestion that the public is interested in the service it receives and the price it pays for it. The Interstate Commerce Commission are authorized to fix rates. Everyone knows now that they are no longer going to be able to permit the usage of a rate or to grant a rate that will pay a profit on the physical valuation, because the railroads can not get the traffic to carry at that price. In other words, the railroads are in competition now. They are no longer masters of the transportation of the country. They have competition in freight, they have competition in passenger traffic. They have competition in the automobile and they have competition in the air. Therefore, there is an entirely different situation.

The public interest is to be protected, yes; but it will be protected in two ways—first, by the competition which the railroads are compelled to face and, second, by the fact that we have the Interstate Commerce Commission that have the right to supervise and fix the rates. But to say that the Interstate Commerce Commission must continue to grant a rate that will pay a certain return on the valuation fixed by this bureau or by any other bureau is entirely in error. We are clear beyond that stage of operations so far as our transportation systems are concerned.

Mr. LA FOLLETTE. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Wisconsin?

Mr. DICKINSON. I yield.

Mr. LA FOLLETTE. I want to suggest to the Senator from Iowa that the importance of the protection of the public in a reorganization will be very evident to him if he will read over the testimony taken in connection with the receivership of the Milwaukee Railroad. If there ever was an indication of the necessity for having the public interest protected in these reorganizations, that case certainly fully proves it.

Mr. DICKINSON. I am very familiar with the reorganization of the Milwaukee Railroad. Having lived on it most of my life, I know something about the questions involved. But I want to say to the Senator now that if the Milwaukee road is compelled to continue to charge rates and make an effort to pay a reasonable return on its fixed valuation, it is facing receivership in the morrow, and I do not know but what it is still in receivership now as it was for a number of years. Therefore the Milwaukee Railroad has to adjust itself to where it charges for services it renders rather than attempting to charge upon the basis of a return on its valuation.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Florida?

Mr. DICKINSON. I yield.

Mr. FLETCHER. I would like to ask the Senator a question. As I understand, the Senator did not propose the amendment to the bill as it came over from the House in order that the amendment might be considered by the Committee on Appropriations.

Mr. DICKINSON. I was not on the subcommittee, and I was not present at the meeting of the full committee when the bill was considered and reported out, or I should have presented it then.

Mr. FLETCHER. The amendment was not proposed at all to the committee, and the committee had no chance to consider it?

Mr. DICKINSON. That is true. Let me suggest to the Senator from Florida that this is a time-old discussion. It has been going on since 1913. The commission promised to complete the work in three to five years. In 1922 and in 1923 and again in 1924 they agreed upon a 3-year program. That time has come and gone and they are still asking for practically the same amount of money for which they originally asked. The result is we are simply dragging the thing out. They have now committed themselves to the point where they say that next year they will ask for only \$1,750,000. With the work as nearly completed as it is now, with the work in the condition in which it now is, I am convinced they can close it down and put it in a position to be kept current, and can do it much more quickly than they have suggested, and the only way we can get them to do it is by reduction of the amount appropriated for that purpose.

Mr. FLETCHER. There is a great deal in what the Senator has said. I recall the discussion heretofore and some of the things that have taken place. I am sorry the work has been dragged out as long as it has, but I hesitate on the floor of the Senate to vote for an amendment offered on the floor which no committee has had any opportunity to examine and consider, and no chance has been given to bring the facts down to date. The House investigated very fully and very carefully, and hearings were held there; but the Senate committee have not considered the subject at all. There was no such amendment before them. I hesitate not only in this case but generally to vote for an amendment on the floor which has not been considered by a committee and about which there is a great variety of views. I quite agree with a good deal the Senator has said, but it appears now from those closely related to the subject that there is need for the work to be continued. I am not in the position to say that it should not be continued.

Mr. LA FOLLETTE. Mr. President, I am sure the Senator from Iowa left the impression that these appropriations had not been reduced. I want to refer to the fact that in 1931 the valuation division had \$3,547,313; in 1932 they had \$3,554,368; and in 1933 they had \$2,750,000. So that since 1931 there has been a reduction in the appropriation of nearly \$800,000.

Mr. DICKINSON. In 1915 the appropriation was \$2,330,000; in 1916 it was \$3,000,000; in 1917 it was \$3,500,000; in 1918, \$3,500,000; in 1919, \$3,575,000; in 1920, \$3,000,000; in 1921, \$2,750,000. There is the one place where they promised, "If you will give us more money, we will complete the work." In 1922 the amount was reduced to \$1,750,000. In 1923 they were given \$1,300,000; in 1924, \$1,250,000; in 1925, \$1,065,000; in 1926, \$1,946,000; in 1927, \$287,000 plus an unexpended balance of \$1,715,000; in 1928, \$2,563,000; in 1929, \$2,200,000; in 1930, \$2,539,000.

The \$3,000,000 appropriation to which the Senator from Wisconsin refers was when they again said, "If you will give us a 3-year program, we will complete the work." But they still have to have \$2,313,000 in order to carry on the work.

Mr. FESS obtained the floor.

Mr. BLAINE. Mr. President, will the Senator from Ohio yield that I may ask the Senator from Iowa a question?

The VICE PRESIDENT. Does the Senator from Ohio yield for that purpose?

Mr. FESS. I yield.

Mr. BLAINE. I want to inquire of the Senator from Iowa if he does not appreciate the fact that last year and this

year the valuation that was made by the Interstate Commerce Commission respecting the Grand Central Post Office site in the city of New York saved the Government of the United States \$5,000,000 in that one case alone? There are several scores of those cases where the Postmaster General and the Treasury Department may make a request for the valuation. The valuation relates to property either owned by the railroad companies or property that is valued for the purpose of forming a basis upon which adjoining or adjacent railroad property may be subject to valuation. If the Postmaster General and the Treasury Department will avail themselves of the information gathered by the Valuation Division of the Interstate Commerce Commission, the saving to the Government of the United States will pay the appropriation now proposed for the next 10 or 15 years just on a few of those sites alone.

Mr. DICKINSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. FESS. I yield.

Mr. DICKINSON. I want to suggest that I have no objection to the organization being continued, but I do not think that in order to appraise a post-office site in New York City we need a thousand men on the pay roll, nor 750 men on the pay roll, nor 500 men on the pay roll. I may suggest that the amount which I have proposed, \$1,750,000, will mean about 600 men on the pay roll, and for that reason the work is available to the very type of service suggested by the Senator from Wisconsin.

Mr. FESS. Mr. President, I have served on the Interstate Commerce Committee of the Senate for 10 years. One of the subjects that comes to that committee constantly is the railroad situation with reference to reorganization and the operations of the Interstate Commerce Commission. Perhaps the senior Senator from Utah [Mr. SMOOT] can refresh my recollection on the point I am about to mention. As I recall, when this proposal was first offered—and I will ask the Senator from Utah if I am correct—it was stated that it would not take over \$2,000,000 to complete the work of railroad valuation and that it could probably be concluded within three years.

Mr. SMOOT. I will say to the Senator, going back into the history of the item, that up to the appropriation of last year \$44,633,000 had been appropriated.

Mr. FESS. I am aware of that, but what I wanted to ascertain from the Senator was the correctness of my recollection. Were we not led to believe when the original measure was introduced and passed that the work would not take over two years to complete and that it would not cost over \$2,000,000?

Mr. SMOOT. I do not remember the amount which it was estimated the work would cost, but it was a small amount.

Mr. FESS. A very small amount, and the time within which the work would be completed was very limited.

Mr. SMOOT. Yes; the time was limited.

Mr. FESS. I have just been handed the statement that was made before the committee on the occasion when the legislation was before it, and the statement was made that Professor Adams, the statistician, had said that he considered this matter when he was with us a few years ago and his final estimate was, as well as he could judge, that it would probably take \$3,000,000 for the valuation.

That is the impression that I have had from the beginning, that it was understood that the work was going to be very quickly done and that it was not going to cost much. I rose to my feet to ask the Senator from Utah, for I thought he would know, what has taken place to prolong this work for 20 years at this enormous cost, when originally it was thought it would only cost \$3,000,000 and require two years to complete it. What has been added?

Mr. SMOOT. In the first place, I want to say to the Senator that I think if he will go back into the record he will find that a great many of us at the time stated that the work could never be done for the amount of money then estimated. Of course, changes have taken place in the

years that have passed since the first appropriation was made. I suppose a revaluation of many roads in receivership has been required, but, as I have said, I believe that almost everybody who considered the first estimate knew that the work could not be done within that estimate.

Mr. FESS. Is it not true whenever we establish some bureau or office of a temporary character that, unless it is very closely observed by Congress, it comes to be of permanent character? Is that not true?

Mr. SMOOT. The history of our Government bears the Senator's statement out, I think, in every particular.

Mr. FESS. Mr. President, the first suggestion I had that the valuation division was to be a permanent organization was from the letter of Commissioner Eastman. He wants to know why we should wreck it? The organization, he states, could easily be wrecked and he asks why it should not be continued? That is the first statement I have heard that it is to be permanent, and that any effort to discontinue it will be not in unison with the desires of the commission. That is not disclosed here, but that is in conformity with the uniform history of all the departments of the Government. A new bureau or agency, whether it be the Interstate Commerce Commission or the Federal Trade Commission or this independent commission or that dependent commission, is recommended to be created.

Mr. NORRIS and Mr. LA FOLLETTE addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Ohio yield; and if so, to whom?

Mr. FESS. I am not yielding to anyone just now.

When such new agencies are created naturally, they grow by accretion, unless when making the appropriations we are constantly on guard to prevent it. I now yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I wanted to make an inquiry. I may repeat something said when I was not in the Chamber, but, as I understand, in order for the railroad valuation work to be beneficial to the country we must make it permanent. In other words, when we get a valuation as of a certain date the valuation the next year may be different, and if the division remains in existence the valuation can easily be continued. Is not that the object of the appropriation?

Mr. FESS. If that is the theory, let us stop the discussion right now. If the valuation division, created 20 years ago, at which time it was expected that the work would be completed in 2 or 3 years, as was stated before the committee—and it was also stated that it would not cost over \$3,000,000—is to be made permanent, then let us make an annual appropriation; and I have not anything more to say. But I am concerned, after the promise made almost every year for the last 20 years, that the work was going to be completed, that it should be proposed to continue it indefinitely.

Mr. NORRIS. It has been practically completed, has it not?

Mr. FESS. Last year 80 per cent of it was completed.

Mr. NORRIS. The Senator—

Mr. FESS. Mr. President, I am not yielding further. I rose simply to make the observation that this discussion has disclosed two things: The first is that a temporary organization, unless we remain constantly on guard, will become a permanent organization. In this case a bureau which was originally intended to be of a temporary nature, lasting for 2 or 3 years, has continued for 20 years; and now the argument is made that it is to be permanent, and there should be no assault upon it. That is the first thing disclosed.

The other is that it is perfect folly for us to talk about reducing any appropriations in this or in the other body.

That can not be done, and that is one reason why I have urged from the beginning that we have got to give authority elsewhere to do the thing that we ought to do but we will not do because of pressure. That is why I urged that such authority to be given President Hoover, and, not having given it to him, that is why I voted during consideration of the bill recently passed by the Senate to give such authority

to President-elect Roosevelt. We are going to give him, if that provision shall finally become a law, as I think it will, sufficient authority, but it may extend even to the total abolition of some of the independent organizations of the Government. I am not free to go to the extent of giving to the President the authority to do what the law would otherwise forbid him to do; that is, I do not want to delegate to the Executive power to make or repeal legislation by his own decree; I think that goes too far; but where there is waste, such as there appears to be in almost all the independent bureaus and establishments, that could be corrected by consolidations, transfers, and so on, I think there is no way for us to bring about any saving along that line except to give the authority to the Executive, and I am perfectly willing to go that far.

I desire merely to add that when a new Government agency is created, though it is stated at the time that it will be but temporary, there will be sufficient interest on the part of those connected with it to cause them to exert influence to continue its activities and add to them until what started in a small way gradually grows until it assumes large proportions, and the cost, which was originally slight, gradually becomes enormous. That is inherent in organization itself. Much of the insistence in this case comes from the Interstate Commerce Commission itself and not from Members of this body, and we listen to their recommendations in spite of the committee raising the question constantly as to whether or not a continuation of the appropriation is wise. We are inclined to give heed to the commission, and when we come to consider economy here their voice and not ours is to be final. I know we are not going to make this reduction—not because we ought not to make it, but simply because we will not make it.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Wisconsin?

Mr. FESS. I yield.

Mr. LA FOLLETTE. The Senator in discussing the permanency of the valuation division and the suggestion that the pending proposal would wreck the commission made reference to a memorandum from which I had read.

Mr. FESS. I referred to the letter from Commissioner Eastman.

Mr. LA FOLLETTE. In justice to the commission I simply wanted to point out that the memorandum was submitted at a time when it was proposed that the appropriation to be provided last year should be cut from \$3,554,000 to \$750,000, which would have been a cut of something like 78 or 79 per cent. That led to the statement that such a drastic cut would wreck the commission.

Mr. KING. Mr. President, the Senator from Washington has just attributed to Congress virtues which many persons believe it does not possess, or at least that it is not exhibiting. Certainly there is no evidence that the present Congress is demonstrating a greater desire to reduce expenditures in the Federal Government than the preceding Congresses. With knowledge of a certain deficit for the current year of approximately \$2,000,000,000, and with the certainty of a larger deficit for the next fiscal year, unless drastic cuts are made in Federal expenditures, Congress fails to apply the pruning knife to appropriation bills.

It is not an agreeable task to challenge attention to alleged defects in legislation or unsound or unwise measures which receive the attention of committees and of Congress; but I can not escape the feeling that it is the duty of Senators to oppose measures which they regard as devoid of merit, and appropriation bills which they believe carry improper and extravagant appropriations.

The bill before us carries more than \$1,000,000,000 for the next fiscal year. It furnishes convincing proof that promised reductions in Federal expenses have been forgotten or repudiated; it carries an enormous appropriation for the Veterans' Bureau, notwithstanding the situation calls for reductions in the bureau which deals with veterans' legislation.

Mr. President, upon several occasions during this session of Congress I have challenged attention to the failure of Congress, as shown by the bills reported by committees, to live up to platform pledges made by the two great political parties. The appropriation bills which have come to the Senate during this session have carried, in my opinion, hundreds of millions of dollars in excess of what can be justified under the conditions of the Treasury and the economic condition of the country.

It is to be regretted that platform pledges are treated with contumely. The enormous deficit for the last fiscal year, as well as a certainty of a nearly \$2,000,000,000 deficit for this fiscal year, demands of Congress drastic cuts in appropriations for the next fiscal year. Many cities, counties, and States are attempting to balance their budgets and in so doing are cutting expenses, reducing the salaries of employees, and inaugurating economies and reorganizations calculated to aid in meeting present emergencies. In many parts of the country taxpayers are organizing for the purpose of reducing the amount of taxes and are also demanding of those agencies authorized to levy taxes that material reductions be made in the levies for the coming year. Incontrovertible evidence is furnished that millions of people are unable to pay their local taxes, and many are defaulting in meeting their Federal-tax obligations.

The value of many forms of property has been reduced almost to the vanishing point, and persons who a few years ago possessed incomes are now wholly without means of support. Those who own real estate are sufferers from the decline in the value of property, and they are the ones who are experiencing the greatest difficulty in paying the taxes levied upon their property by States and their political subdivisions. The people of the United States, as well as the Federal, State, and municipal Governments, have indulged for a number of years in a wild orgy in expenditures. There can be no justification for expenditures by our Federal and State Governments of approximately fifteen billions of dollars such as has been the case during this and preceding fiscal years.

Notwithstanding the heavy and indeed unjustifiable expenditures by Federal and State Governments, it seems impossible to reduce expenditures or to bring the minds of legislative bodies, State and Federal, to a realization of the unwise, unsound, and dangerous course of continuing appropriations upon the same high plane as that which has existed for a number of years. When bureaus have been created and Federal agencies organized and a large personnel entrenched behind civil-service laws, it is almost impossible to effectuate reforms, or to relieve the people of burdens which this bureaucratic system places upon the backs of the people.

The Democratic Party in its convention last July was pledged to reduce governmental expenditures 25 per cent. The Republican Party also insisted that Federal expenses should be reduced. But platform pledges, Mr. President, seem to be meaningless; they certainly are not being observed by either of the great political parties. In view of these pledges those who believe that they were made in good faith and should be fulfilled, must look with astonishment, if not with indignation, at the failure of both political parties to live up to their pledges. I know it is repetition, and useless repetition, to protest against these appropriation bills that are brought to the floor of the Senate.

I think that a majority of the American people expected relief from these heavy Federal burdens; but when this session of Congress shall have adjourned and the people have had an opportunity to appraise the work of Congress and to learn of the stupendous sums appropriated, there will be a rising tide of criticism leveled at the National Legislature for its defaults. I appreciate, however, that there are many of our citizens who are demanding larger appropriations and who are insisting upon the Federal Government appropriating billions of dollars in excess of the amount needed for legitimate governmental purposes. Within this group are found those who insist that the Government, not-

withstanding the Treasury is empty and deficits are daily increasing, shall issue billions of dollars to meet the mortgaged indebtedness of the people, to protect bank depositors, to discharge pressing obligations of the railroads, to aid industrial corporations as well as private persons in their business undertakings. Many of the people fail to understand that Governments are maintained only by taxes wrung from the people.

The credit of governments can only be maintained when its finances are adequate to meet its obligations. Of course, a country possessing the resources found in the United States with a reasonably efficient and economical government may enjoy great credit, and can therefore borrow money within reasonable limits to meet emergencies or to meet temporary deficits; but no government, regardless of its wealth and prestige, can indefinitely extend credit and issue bonds to meet expenditures without having its credit impaired and ultimately coming to grief. I have had occasion to say within the past few days that the credit of the National Government must be maintained; that our whole economic, industrial, and political structure rests upon the faith and credit the people have in their Government. In this view there is a solemn obligation resting upon Congress to take no steps to destroy the prestige and the credit of the Government of the United States.

Mr. President, this bill as well as other appropriation bills which we have considered, conclusively demonstrates that this Congress is not sufficiently impressed with the imperative necessity of the strictest economy in government operations. It is apparent that the appropriation bills in the aggregate that will be passed this session of Congress will exceed by approximately \$1,000,000,000 limits which safety and prudence and wisdom demand. I am advised that the Post Office and Treasury appropriation bill, which recently passed the Senate and went to conference, will soon be returned to the Senate with the reductions and economies which the Senate attempted to incorporate into the bill, eliminated by the action of the conferees supported by the House.

I agree with the Senator from Ohio [Mr. Fess] who has just in a very lucid manner referred to the failure of Congress whenever organizations are created for temporary purposes, to abolish them or to reduce expenses.

Mr. President, it seems to me we lack the courage and the wisdom, and apparently the ability, to inaugurate reforms in the administration of the Government. It has been claimed that Congress is controlled by active minorities; by organizations of Federal employees and by factors extraneous to the Government itself. Certain it is that when reforms are suggested and reductions in Federal expenses advocated, there is a powerful mobilization of forces to frustrate such efforts. I should add that aside from these organizations and forces to which I have referred, many of the constituents of Senators and Congressmen lift their voices in protest against movements to effect reforms in the Government service and to reduce expenses of the Government. Unfortunately there is a growing demand for the Government to exercise greater authority; to create additional bureaus and to introduce socialistic or semisocialistic policies into our economic, industrial, and political life. The suggestion has been made during the discussion upon the amendment offered by the Senator from Iowa [Mr. Dickinson] that we may soon be confronted with the governmental ownership of railroads. Undoubtedly there has been for a number of years a movement supported by many in favor of the Government taking over all the railroads of the United States. This movement has been enlarged during the past few years and seeks to have the Government take over all public utilities.

Mr. President, it is to be hoped that these movements, socialistic in character, or at least paternalistic and bureaucratic, may not assume larger proportions. Rather it is to be hoped that the owners of the railroads will inaugurate needed reforms, modify their capital structures, and adopt policies that will make the railroads effective instrumentalities

for the service of the people and for the benefit and profit of the owners.

Yesterday we listened, and I hope with deep respect and reverence, to the reading by the Senator from Illinois [Mr. Glenn] of Washington's Farewell Address. Annually both Houses of Congress convene for the purpose of drawing strength from that great reservoir of wisdom and knowledge. It has been a source of inspiration to the people of the United States, and succeeding generations will find in it guidance to meet problems that will arise. Washington declared that—

As a very important source of strength and security, cherish public credit.

I pause to remark, Are we observing this wise counsel? Are we cherishing public credit when we fail to observe those principles of thrift and economy so essential in public as in private life? Profligate expenditures, waste, and extravagance in government, indifference to enormous appropriations; all these indicate that we are not observing the requirement that we should "cherish public credit."

I read further from the Farewell Address:

One method of preserving it is to use it as sparingly as possible, avoiding occasions of expense by cultivating peace, but remembering, also, that timely disbursements, to prepare for danger, frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertions, in time of peace, to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burden which we ourselves ought to bear.

Mr. President, it is iteration, indeed reiteration, to challenge attention to our growing deficits and the aggregate deficit for the two preceding fiscal years and the present fiscal year of \$6,000,000,000. Moreover it is apparent that we are lacking in moderation and wisdom, when after we made appropriations for the next fiscal year, there will be added to the \$6,000,000,000 the deficits of two or three billions more. With the fountains of taxation drying up, and with our collections from customs constantly shrinking, it is obvious that the revenues for the next calendar and the next fiscal year will be below the low levels for this fiscal year or the next calendar year, all of which indicate continued deficits, dangerous to the credit of our Government.

Mr. President, the bonded indebtedness of the Government exceeds \$21,000,000,000. The interest charges upon this enormous sum is an important addition to the annual appropriations for the Government. In order that the credit of the Government be preserved, provision must be made for the amortization of these governmental obligations.

Returning to the Farewell Address—

The execution of these maxims belongs to your representatives, but it is necessary that public opinion should cooperate.

Washington understood the importance of public opinion. Public opinion in the end will control, but public opinion is sometimes misdirected. The public may not be advised as to all the facts involved in governmental policies and national concerns. Jefferson believed in the competency of the people to govern themselves, but this belief rested upon the proposition that the public should be informed in regard to their Government and its policies. He insisted upon education, upon the avenues of knowledge being opened to the people. He believed that if they knew the facts their judgment in the end would be a safe guide for the Republic.

Unfortunately the public are not always acquainted with the facts involved in questions and problems, political and economic. Oftentimes clouds darken the skies and the light does not shine upon the pathway of the people. Not infrequently misleading and dangerous propaganda is disseminated, and as a result of misinformation, demands are made inconsistent with sound policies or constitutional provisions. Washington further stated:

To facilitate to them the performance of their duty, it is essential that you should practically bear in mind that toward the payment of debts there must be revenue; that to have revenue there must be taxes; that no taxes can be devised which are not more or less inconvenient and unpleasant; that the intrinsic em-

barrassment inseparable from the selection of the proper object (which is always a choice of difficulties) ought to be a decisive motive for a candid construction of the conduct of the Government in making it, and for a spirit of acquiescence in the measures for obtaining revenue, which the public exigencies may at any time dictate.

Mr. President, recurring to the discussion upon the amendment offered by the Senator from Iowa, my friend from Florida [Mr. FLETCHER] a few moments ago stated, in substance, that there had been no hearing upon the proposition to reduce the appropriation carried in the bill for the valuation of the railroads, and he was therefore, while sympathizing with the motion, disposed to not support it. I have examined the hearings before the House and Senate committees, and there is nothing, in my opinion, to justify the large appropriation carried in the bill for the purpose indicated. I do not desire to be critical of committees, particularly committees serving the legislative body at the other end of the Capitol; but I confess that an examination of the hearings upon many of the appropriation bills, or many of the items carried in such bills, fails to supply adequate information to justify the appropriations demanded.

The fact is that representatives of departments, bureaus, and Federal agencies are vitally interested in appropriation bills. It is seldom that any person is heard by committees in opposition to the appropriation bills reported to the House or to the Senate. The witnesses who do appear are interested in securing appropriations; they come usually with prepared statements, ready to support their demands for appropriations; but an examination of many of the hearings reveals that witnesses appearing are subjected to no cross-examination, and their statements are seldom challenged. The representatives of the bureaus and departments usually state that a given sum is required for certain purposes or that various amounts are necessary for the bureau or agency for which they speak. I repeat that many of the hearings fail to justify the appropriations recommended.

Mr. President, it seems to me that full opportunity should be given to the public to oppose these demands, to appear before committees and express their opposition and furnish reasons therefor. Moreover, it would be in the interest of the public and of economy if one or more persons were employed to cross-examine the witnesses who appear before committees in support of the appropriations and compel complete disclosures of all facts pertinent to the matters under consideration. I repeat that too many of the examinations are superficial and the facts adduced are unconvincing.

With respect to the item of \$2,313,542 appropriated for the Interstate Commerce Commission to carry on the valuation of the property of carriers, I respectfully submit there is no evidence in the hearings either of the House or the Senate to justify this appropriation. Substantially the same inadequate and imperfect testimony appears in the hearings as appears in hearings upon former appropriation bills. I think that it is not inaccurate to state that the hearings simply show that the representatives of the Interstate Commerce Commission desire this large sum and in effect say that if it is not obtained, a number of employees in the Interstate Commerce Commission will be furloughed.

For years the Interstate Commerce Commission has been submitting requests for large appropriations for the so-called "valuation of the railroads." In my opinion, this so-called valuation of railroads ought to have been completed years ago; indeed in 1913, as the record shows, when a bill was passed providing for obtaining the valuation of the railroads, the claim was made that the work could be completed in two or three years at a cost to not exceed \$3,000,000. As the Senator from Iowa stated, more than \$51,000,000 have been appropriated, and still millions are requested for the next fiscal year with every assurance that additional millions will be required for subsequent years. The Interstate Commerce Commission, in my opinion, has not been frank with Congress; it has not dealt in a candid way with the work of the Valuations Commission.

I have carefully examined the bill before us. It carries more than \$1,000,000,000, and there is scarcely an item of appropriation in the bill that should not be materially reduced. I shall not vote for the bill in its present form. I believe that it has not been sufficiently considered by the appropriate Senate committees, and that it carries in the aggregate a large sum in excess of what is fair or just. I appreciate that the Senate will act adversely upon any efforts to cut the appropriations in this bill. I am tempted to move before the bill passes that it be recommitted to the Committee on Appropriations with instructions to reduce the aggregate amount of appropriations by at least 10 per cent. I have submitted similar motions with respect to many appropriation bills, but such motions have been rejected by the Senate.

Mr. President, there are many people in the United States who are watching Congress and demanding that the appropriations shall be reduced. Protests are not infrequent; but Congress seems indifferent to the effects of these extravagant, if not profligate, appropriations that are made and to the consequences of these mounting deficits.

It is unfortunate that so little interest is manifested in the Senate when appropriation bills are under consideration. Only a limited number of Senators, except when some hotly contested item is under consideration, are in attendance when appropriation bills carrying hundreds of millions of dollars are before us. It is true that committees are in session and many Senators are compelled to be absent from the Chamber when important bills are before this body because of the demands made upon their time by the numerous committees which are in session during most hours of the day. Nevertheless I can not help but believe that when economies are so imperatively demanded, every item of appropriation should be carefully scrutinized and appropriation bills should be reduced to the lowest possible limits. A balanced Budget will tend to restore confidence. If the people know that Congress is determined to apply business principles in the conduct of governmental affairs, and is determined to cut out unnecessary expenses, abolish many bureaus and agencies and keep expenditures within the revenues of the Government, then a step forward will have been taken towards the summit of confidence and prosperity.

Mr. President, while I have the floor I desire very briefly to call attention to a number of items of appropriation carried in the bill. Many of these items justify the contention which I am making that this bill carries appropriations beyond the needs of the Government and which in this period of depression can not be justified. In my opinion the appropriations for the Board of Mediation and Tax Appeals should be reduced. The appropriation for the former amounts to \$132,483 and the appropriation for the latter aggregates \$545,000. Both of these organizations are necessary, but without impairing their usefulness reductions should be made in the appropriation for each.

On page 9 of the bill is an appropriation amounting to more than \$146,000 for the so-called Bureau of Efficiency. That bureau was organized for the purpose of promoting efficiency in the Government service. It has failed to meet the expectations of its sponsors. A measure was passed a few weeks ago either by the House or the Senate abolishing this bureau.

The provision for its abolition is found in one of the bills now in conference. In view of that fact it seems to me that this item should be stricken from the bill. It seems, Mr. President, that when a bureau or executive agency is created it becomes immortal; it entrenches itself and has sufficient resources and influence to defy all assaults from Congress. Mr. President, bureaus and Federal agencies and instrumentalities stand like the great pyramids; they can not be moved and they look with complacency upon attacks from all sources. The Senator from Ohio a few moments ago, with his experience and wisdom, indicated how futile are the attempts to bring about reforms in the executive departments of the Government.

An appropriation of more than \$1,374,000 is carried in this bill for the Civil Service Commission. Mr. President, this organization has not accomplished the results which its protagonists claimed it would accomplish. Its personnel has been increased and its appropriations have likewise been increased.

Nearly \$800,000 of this sum is to pay the salaries and expenses of the commissioners, and the personnel of the commission who are in the District of Columbia. More than \$400,000 is carried in the bill for the salaries of the field force, and other items are found in the bill, making the aggregate, as I have stated, of more than \$1,374,000. Mr. President, there should be a reduction in this appropriation of at least \$100,000.

Mr. President, there are large appropriations for employees of the Compensation Commission and the Federal Board for Vocational Education and for so-called vocational rehabilitation. I have examined the hearings and in my opinion these appropriations are too large. There should be reasonable reductions in the appropriation for each of these organizations.

The Federal Farm Board is still in existence, and there is an item of \$500,000,000 carried in the bill. If I understand the language of the bill, it is to meet some of its expenses between the 1st of July and the 31st of December of this year. Bills are pending in both branches of Congress for the abolition of this organization. A number of bills before committees restrict its operations and seek to transfer whatever vestiges of the organization remain to the Department of Agriculture. It is quite likely, Mr. President, that within the near future, under the reorganization which will soon be effected in the Government departments, the act creating the Farm Board will be greatly modified if not repealed, and the Agricultural Department will be charged with the responsibility of performing such duties now discharged by the board as Congress may devolve upon it. There is a general feeling that the Farm Board has failed to accomplish that for which it was created. More than \$400,000,000 have been lost in the operations of the board, and what additional losses will be sustained it is difficult to determine. Undoubtedly most of the \$500,000,000 taken from the taxpayers has been lost, and the Treasury of the United States will probably lose a considerable part of whatever assets now remain.

Mr. President, the bill carries a large appropriation, nearly \$800,000 for the Radio Commission. While that organization is important, in my opinion there should be a material reduction in the appropriations provided in this bill for it. The Senate a few moments ago materially increased the appropriations for the Federal Trade Commission. In my opinion I do not think the situation was such as to justify so large an increase.

Mr. President, the bill carries a very large appropriation for the General Accounting Office. This bureau has been of incalculable benefit to the Government. It must be continued, but I believe that the appropriation of nearly \$4,000,000 is not warranted at the present time.

The appropriation carried in the bill for the Interstate Commerce Commission can not be defended. Its expenditures for years have been too great. Mr. President, I have referred to the item of \$2,313,542 providing for the valuation of railroads. In my opinion this amount is entirely too large.

When I came to the Senate in 1917 I made an investigation of the genesis of the provisions providing for the valuation of railroads. I recall that it was claimed, as has been stated, that the work could be accomplished within two or three years at a cost not exceeding two or three millions of dollars. After making an examination I reached the conclusion that the work which was being performed did not justify expenditures beyond the amount originally asked for, and in 1917 or 1918 I offered a bill repealing the provisions of the law requiring such valuation. Each year since 1913 large appropriations have been demanded and received, until, as the record shows, more than \$50,000,000 have been absorbed in this undertaking, the results of which

are not commensurate with the expenditures. The reports of valuation have no limit of finality, and do not constitute a sufficient basis upon which to rest judgments or findings as to the value of the properties of the railroads of the United States.

I am in accord with the views expressed by the Senator from Iowa. However, Mr. President, I shall insist, when the next appropriation bill comes before the Senate dealing with the Interstate Commerce Commission, that there be important reductions in any appropriation which shall be made in behalf of the valuation section.

Mr. President, I do not approve of the appropriation provided in the bill for the Office of Public Buildings and Public Parks of the National Capital. I protest against the enormous sum carried in the bill amounting to \$2,568,235,000. I also object to the enormous appropriations which have been made for Federal buildings in the District of Columbia. The cost of the Department of Commerce Building can not be justified, nor can appropriations for other Federal buildings be justified at this time.

Mr. President, I believe that the appropriation for the Tariff Commission is excessive. There should be a reduction made. The bill carries a large sum for the United States Shipping Board and the Emergency Fleet Corporation. These organizations have been the recipients of hundreds of millions—indeed billions of dollars. The bill in effect provides for \$50,000,000 to carry out the merchant marine act of 1920 and also carries an item of nearly \$3,000,000 for the salaries of the Fleet Corporation assigned to the Shipping Board. One million dollars is provided to meet the expenses of liquidating some of the ships and property of the corporation and \$10,000,000 is reappropriated to enable the United States Shipping Board Emergency Fleet Corporation to operate ships or lines of ships which have been taken back from purchasers by reason of competition or other methods employed by foreign shipowners or operators. In other words, ships which are sold may be taken back by this corporation and operated at the expense of the taxpayers of the United States.

Under the head of Veterans' Administration, the bill carries an appropriation aggregating \$945,988,634. I regret that the committee appointed for the purpose of investigating the entire question involved in appropriations for veterans has not concluded its labors and of course has not submitted its report to Congress.

Mr. President, I can only repeat what I have so imperfectly stated, that this as well as other appropriation bills which have been before the Senate, impose a great burden upon the taxpayers of the United States.

I appreciate that opposition to the bill will be ineffective. I can only protest against its passage in its present form.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Iowa.

Mr. DICKINSON. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Johnson	Schuyler
Austin	Couzens	Kean	Sheppard
Bailey	Cutting	Kendrick	Shipstead
Bankhead	Dale	King	Shortridge
Barbour	Davis	La Follette	Smith
Barkley	Dickinson	Logan	Smoot
Bingham	Dill	Long	Steiwer
Black	Fess	McKellar	Stephens
Blaine	Fletcher	McNary	Swanson
Borah	Frazier	Moses	Thomas, Idaho
Bratton	George	Neely	Thomas, Okla.
Brookhart	Glass	Norbeck	Townsend
Broussard	Glenn	Norris	Trammell
Bulkeley	Goldsborough	Nye	Tydings
Bulow	Gore	Oddie	Vandenberg
Byrnes	Grammer	Patterson	Wagner
Capper	Hale	Pittman	Walcott
Caraway	Harrison	Reed	Walsh, Mass.
Carey	Hastings	Reynolds	Watson
Clark	Hatfield	Robinson, Ark.	White
Coolidge	Hayden	Robinson, Ind.	
Copeland	Hebert	Russell	

The PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment proposed by the Senator from Iowa [Mr. DICKINSON].

On a division, the amendment was rejected.

The PRESIDENT pro tempore. The bill is still open to amendment.

Mr. KING. Mr. President, when an amendment of the importance and merit of the one just rejected fails to command any considerable support it indicates the unwillingness of the Senate to support platform pledges or efforts to economize.

Mr. President, on page 9, I move to strike out lines 7 to 15, inclusive, being the provision for an appropriation of \$143,600 for the Bureau of Efficiency. In connection with the motion I desire to read from a letter addressed by the Comptroller General of the United States, Mr. McCarl, to the Hon. FREDERICK E. STEIWER, chairman of the Committee on Expenditures in the Executive Departments. That committee has under consideration a bill offered by me for the abolition of this bureau. Without reading all of the letter I invite particular attention to the part bearing upon the motion which I have just made:

The act of May 10, 1916, in making an appropriation for the Bureau of Efficiency included to enable it "to investigate duplication of statistical and other work and methods of business in the various branches of the Government service.

That was the purpose of it. It was recognized by Congress that there were duplications and inefficiency in executive departments; and it was thought that if a bureau of efficiency was created and given authority to go into the governmental organizations and weed out the inefficient and incompetent employees, and ascertain where parallel activities might be avoided and economies obtained, there would be great savings to the taxpayers.

This additional purpose was continued in the appropriation acts of March 3, 1917, and July 3, 1918, the appropriation act of March 3, 1917, also including certain other investigations to be reported to Congress at the next regular session. By the act of May 16, 1928, the powers and duties of the Bureau of Efficiency prescribed by law with reference to investigations in the executive departments and independent establishments of the Federal Government were extended to include the municipal Government of the District of Columbia.

That was wholly unnecessary and wholly undesirable from my point of view and from my understanding of the work of the District Committee of the Senate.

Mr. SMOOT. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to his colleague?

Mr. KING. I yield.

Mr. SMOOT. I want to call the Senator's attention to the fact that if the economy provision becomes a law, of course, this appropriation will not be effective, but we have to provide in this bill for the Bureau of Efficiency in case the economy provision of the appropriation bill does not become a law. I will say to the Senator that if it does, then, of course, this money will not be expended.

Mr. McKELLAR. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield.

Mr. McKELLAR. Of course the economy provision, abolishing the Bureau of Efficiency, will not become the law. The bill has been in conference for some time and has been reported back to the House, and I believe the House has stricken that provision out. But whether that has been done yet or not is immaterial, because it will be done eventually. That was one of the real economy items in the bill that was adopted. It will be remembered that the House unanimously, as I recall, joined the majority in the Senate to strike out the 5 per cent Bratton amendment, so called, which brought about a saving of about \$150,000,000; and another amendment which brought about another saving of \$19,000,000; and another one which I offered, relating to tax refunds, which probably would have resulted in a saving of not less than \$50,000,000; or a total of more than

\$200,000,000. In other words, if I understood the result of the conference report, it is that substantially all of the economies which the Senate committee spent months in bringing about and which the Senate adopted, have been utterly destroyed in conference, and we will have practically no economy.

The Bureau of Efficiency is like a fifth wheel of a wagon. The head of the bureau is a very delightful gentleman by the name of Herbert D. Brown. This bureau is maintained in order to keep him in office. We might as well call things by their right names. It is of no earthly use to this Government. All the service that is rendered is performed in a much better way by the Comptroller General's Office and by the Bureau of the Budget. It is merely a bureau for the benefit of one man; and we have kept it going year by year at a cost of about \$150,000, which means, in the aggregate, in the neighborhood of two and one-half million dollars or three million dollars of expenditures that are fastened on the American people in these hard times. It is a wicked misuse of Government funds.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. The junior Senator from Utah has the floor.

Mr. KING. I will yield to the Senator from Nebraska in a moment.

Mr. McKELLAR. I hope that the amendment of the Senator from Utah striking out this provision will be adopted, as it ought to be adopted, for, as I have said, there is no earthly use of continuing it.

Mr. NORRIS and Mr. SMOOT addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Utah yield; and if so, to whom?

Mr. KING. I yield first to the Senator from Nebraska.

Mr. NORRIS. I want to ask the Senator from Tennessee a question. As I understand, the Bureau of Efficiency has already been abolished by a bill which has passed the Senate?

Mr. McKELLAR. The Senate struck out the provision for the Bureau of Efficiency, but when the bill went to conference the amendment of the Senate was stricken out.

Mr. NORRIS. I thought the House had agreed to that provision.

Mr. McKELLAR. It was stricken out by a majority of the conferees and then by the House.

Mr. NORRIS. I had a misconception, then. I had an idea that the House had agreed to the amendment; and if that were true, there would be no use of this appropriation.

Mr. McKELLAR. None whatever.

Mr. SMOOT. Under a bill which has previously passed the Senate the Bureau of Efficiency was transferred to the Bureau of the Budget. That was in the economy section of the Treasury and Post Office appropriation bill. Nothing was said as to how many of the employees of the bureau should be transferred to the Budget Bureau, but the work now being performed by the Bureau of Efficiency was to be transferred to the Bureau of the Budget. At the present time it does not look as if we are going to pass that bill at this session of Congress. Therefore the House put in this bill the provision which appears for the Bureau of Efficiency. That is the program exactly as it is.

I will say to the Senate that if the economy bill shall pass, and if the Bureau of Efficiency shall be transferred to the Bureau of the Budget, then, of course, this appropriation will not be used at all.

Mr. NORRIS. Then, the Senator, it seems to me, ought to agree to this amendment. If the Bureau of Efficiency shall be abolished there will be no need for this appropriation and it ought to be stricken out. On the other hand, if the House view prevails, and the Bureau of Efficiency is retained, then the Senate could recede from its amendment. If we leave the provision in this bill it will not be in conference. The only way to get it into conference is to strike it out.

Mr. McKELLAR. Absolutely.

Mr. NORRIS. If, in the meantime, the Bureau of Efficiency shall be abolished, and we do not strike it out, we

will have made an appropriation and there will be no way to rectify the mistake of making an appropriation for a bureau that does not exist.

Mr. SMOOT. The Senator is correct. If the conferees do not act upon this bill before action is taken and an agreement reached on the economy provisions of the bill which has already passed, we would have to hold this bill up until we finally agree upon the other bill.

Mr. NORRIS. It would naturally follow that action on the other bill would take precedence over action on the pending bill, because the other bill has already been in conference for some time.

Mr. SMOOT. We would not succeed in getting all the appropriation bills through if we had to wait upon the conference report on the other bill.

Mr. NORRIS. Have the conferees agreed on that bill?

Mr. SMOOT. They have not.

Mr. NORRIS. It seems to me the only safe thing to do is to strike out the provision from this bill.

Mr. McKELLAR. And let it go to conference?

Mr. NORRIS. Yes.

Mr. McKELLAR. Of course, that is the only proper thing to do, in my judgment.

Mr. President, if the Senator from Utah will yield further—

Mr. KING. I yield.

Mr. McKELLAR. I will read from section 14 of the economy bill, as follows:

SEC. 14. The Bureau of Efficiency and the office of chief of such bureau are hereby abolished; and the President is authorized to designate another officer to service in place of the Chief of the Bureau of Efficiency on any board, commission, or other agency of which the Chief of the Bureau of Efficiency is now a member.

Under the present law he is a member of a number of boards and commissions. Then the economy bill provides that all records of the Bureau of Efficiency shall be turned over to the Bureau of the Budget, in which so much of the present work of the Bureau of Efficiency is duplicated.

I think the Senator from Utah and the Senator from Nebraska are entirely right, and, under any circumstances, this provision ought to be stricken out of the pending bill and the matter carried to conference.

Mr. SMOOT. Mr. President—

Mr. KING. I yield to my colleague.

Mr. SMOOT. The only thing that would happen would be that this bill might be held up for perhaps weeks, although there are some provisions of the bill that ought to become a law. I agree with the Senator from Tennessee that by striking out this provision it will be in conference, but the conferees could not agree upon this bill, as evidently the House could not agree, because they have already taken action regarding the Bureau of Efficiency, until it is finally decided what will become of the economy provisions of the Post Office and Treasury appropriation bill. That is all there is to it. I care not whether we strike this item out or not, other than for the reasons I have mentioned.

Mr. KING. Then, I ask my colleague to accept the amendment and let it go to conference.

Mr. SMOOT. I do not want to deceive my colleague in the matter, I am willing to let it go out, but if there shall be a deadlock on the economy provisions of the Treasury and Post Office bill I do not want to be charged with being disloyal to the Senate if the Senate conferees have to yield on this item.

The VICE PRESIDENT. The Chair feels that he should call attention to the fact that the amendment should include lines 16, 17, and 18, because those two appropriations ought to go together.

Mr. KING. I thank the Chair for the suggestion and I so modify my motion.

Mr. SMOOT. The portion of the bill referred to by the Chair is a part of the provision and should also go out.

Mr. KING. I include in my motion lines 6 to 17, inclusive.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. KING].

The amendment was agreed to.

Mr. KING. Mr. President, as a part of my remarks, I ask leave to insert in the RECORD a letter from Mr. McCarl bearing upon this subject.

The VICE PRESIDENT. Without objection, it is so ordered. The letter referred to is as follows:

COMPTROLLER GENERAL OF THE UNITED STATES,

March 23, 1932.

HON. FREDERICK STEIWER,

Chairman Committee on Expenditures in the

Executive Departments, United States Senate.

MY DEAR MR. CHAIRMAN: There has been considered your request for report on S. 2488, pending before your committee, and particularly with reference to any information that this office may furnish as to any saving that might result if such legislation were enacted into law.

The bill provides, in substance, that there shall be abolished the Bureau of Efficiency; that all the records and papers of such bureau shall be transferred to the United States Civil Service Commission; and that all unexpended appropriations for the use of said Bureau of Efficiency available at the time the act takes effect shall be covered into the Treasury of the United States.

The act of August 23, 1912 (37 Stat. 413), provided, in section 4, that the Civil Service Commission should establish, subject to the approval of the President, a system of efficiency ratings for the classified service in the several executive departments in the District of Columbia based upon records kept in each department and independent establishment with such frequency as to make them as nearly as possible records of fact. Apparently there was administratively established in the Civil Service Commission a division of efficiency to establish such ratings (see act March 4, 1915, 38 Stat. 1008), and by the act of February 28, 1916 (39 Stat. 15), this division of the Civil Service Commission was separated from the commission and made an independent establishment to be known as the Bureau of Efficiency. It was made the duty of the Bureau of Efficiency to make the efficiency ratings which had theretofore been imposed on the Civil Service Commission and to investigate the administrative needs of the service relating to personnel in the several executive departments and independent establishments imposed on the Civil Service Commission by the act of March 4, 1913 (37 Stat. 750).

The act of May 10, 1916 (39 Stat. 76), in making an appropriation for the Bureau of Efficiency included to enable it "to investigate duplication of statistical and other work and methods of business in the various branches of the Government service." This additional purpose was continued in the appropriation acts of March 3, 1917 (39 Stat. 1080), and July 3, 1918 (40 Stat. 768), the appropriation act of March 3, 1917, also including certain other investigations to be reported to Congress at the next regular session. By the act of May 16, 1923 (45 Stat. 576), the powers and duties of the Bureau of Efficiency prescribed by law with reference to investigations in the executive departments and independent establishments of the Federal Government were extended to include the municipal government of the District of Columbia, and the act of May 20, 1923 (45 Stat. 886), made a certain sum of the bureau appropriation available "to secure actuarial data in connection with the various retirement plans for teachers in the District of Columbia and for civil-service employees."

The act of February 20, 1929 (45 Stat. 1233), required the chief of the Bureau of Efficiency to certify annually to the Bureau of the Budget, along with his estimates of appropriations for the ensuing year, "a statement of the amount of the savings which he estimates have been effected in the various bureaus and offices of the Government, including the District of Columbia, as a result of the surveys and recommendations made by the Bureau of Efficiency in cooperation with the bureau or office involved during the previous fiscal year," and there are possibly other statutes permitting employment of the services of the Bureau of Efficiency temporarily or otherwise and in connection with similar administrative matters.

The work that apparently caused the creation of the Bureau of Efficiency; that is, efficiency ratings for personnel in the executive branch, having since been acted upon by the Congress and the administration of the classification laws intrusted to the Personnel Classification Board, the bureau seems to have since been functioning largely as an investigating agency, and, of late, principally in making investigations and observations for committees of the Congress. The extent of its work in this connection during recent years has apparently been such as to make the question of a need for its continuance largely one as to the desire of Congress for its services as an independent establishment.

There appears talent in the bureau that could continue to serve the Government well, but to retain the entire organization—and as an independent establishment of the executive branch for investigational work of the character that has recently engaged its attention—might be of doubtful wisdom, inasmuch as established agencies having other duties appear adequately equipped and able to render such service. Of course, to give the bureau other than investigational authority would at once involve duplication of both work and jurisdiction.

There is for pointing out in this connection that the Bureau of Efficiency in its present state is an establishment in the executive branch—not the legislative—and in estimating its future usefulness no doubt the Congress will wish to give consideration to this phase of the matter.

In connection with the proposal to abolish the bureau it is respectfully suggested there be considered the wisdom of trans-

ferring its activities, personnel, etc., to an establishment having investigational duties and force, preferably having relation to the legislative rather than the executive branch, to the end that the incomplete work of the bureau may be finished, the better talent continued in the Government's service, and through the nonfilling of vacancies as they occur, ultimately accomplish substantially the reduction in personnel and the savings contemplated by the pending bill.

A similar report is being sent to the Hon. JOHN J. COCHRAN, chairman of the Committee on Expenditures in the Executive Departments, House of Representatives, on similar H. R. 8388, pending before his committee.

Sincerely yours,

J. R. McCARL,

Comptroller General of the United States.

Mr. KING. Mr. President, while I have the floor, I should like to make one further observation. May I say to the Senator from Tennessee that if the report is true that the economy provisions of the bill which were adopted by the Senate and which would save the Government between two and three hundred million dollars a year—

Mr. McKELLAR. About \$205,000,000, as I estimate it. Of course we can not be absolutely accurate about it.

Mr. SMOOT. The Senator's figures are about correct.

Mr. McKELLAR. They are substantially correct.

Mr. SMOOT. Yes; they are substantially correct.

Mr. McKELLAR. The saving will amount to about \$205,000,000.

Mr. KING. If the conferees report back to their respective Houses that the Senate's amendments are to be rejected, in other words, if the House prevails in its position, much as I should dislike to see that appropriation bill or any other pending appropriation bill fail at this session, I think the Senate would be entirely justified in rejecting the conference report, even though it resulted in the failure of the measure to become law. There will soon be a special session, and a bill will then be passed that will materially reduce the amount carried in this bill referred to.

Senators will recall that in the closing hours of the short session in February and March, 1919, opposition was manifested in the Senate to a number of appropriation bills that had passed the House, and Congress adjourned without them being enacted into law. When Congress met in special session in April or May, 1919, as I recall, appropriation bills were promptly passed, carrying reductions of appropriations amounting to over \$800,000,000; that is to say, the aggregate appropriations carried by the bills were approximately \$800,000,000 less than provided in the bills which failed to pass the Senate during the short session.

Mr. SMOOT. Mr. President, I think my colleague is wrong as to the amount of the reduction in the two bills, but there was a saving.

Mr. KING. I am certain that I have not overstated the reductions made. My colleague will recall that there were stupendous sums carried in the bills not passed for the Army and the Navy, and the reductions made in these measures saved hundreds of millions of dollars. I know the able Senator from Idaho [Mr. BORAH] with others protested against the enormous appropriations carried in the naval appropriation bill as sent to us from the House, and that bill and the Army appropriation bill, as well as several others, were considered in the special session and speedily passed, with the result that there was a great saving to the taxpayers of the United States. So if we should be compelled to reject the conference report upon the Post Office and Treasury appropriation bill because of the action of conferees, there would be no great loss to the country, because I feel sure that when the Congress convenes in April or May a measure will be enacted that will carry an amount greatly below the total recommended by the conferees.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Idaho?

Mr. KING. I yield.

Mr. BORAH. Is the Senator speaking of the conference report on the Post Office and Treasury appropriation bill which contains the so-called economy provision?

Mr. KING. Yes.

Mr. BORAH. I certainly agree with the views of the Senator, and I hope that conference report, unless it contains those provisions, will be defeated.

Mr. KING. I shall be very glad to be associated with the able Senator from Idaho in the contest which will follow the report of the conferees if it should be submitted in the form indicated by the Senator from Tennessee.

The VICE PRESIDENT. The bill is before the Senate and open to amendment. If there be no further amendments, the question is, Shall the amendments be ordered to be engrossed and the bill read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MINING CLAIMS IN UNITED STATES AND ALASKA

The VICE PRESIDENT laid before the Senate a communication from the House of Representatives returning to the Senate, in compliance with its request, the joint resolution (H. J. Res. 533) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska.

Mr. BORAH. Mr. President, after this measure was passed by the Senate the Senator from South Dakota [Mr. NORBECK] entered a motion to reconsider the vote whereby the joint resolution was ordered to be engrossed for a third reading, read the third time, and passed. I am now authorized by the Senator from South Dakota to withdraw that notice and motion.

The VICE PRESIDENT. Is there objection to the withdrawal of the motion? The Chair hears none, and the motion is withdrawn.

Mr. BORAH. Now I move that the Senate insist upon its amendment and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. PATTERSON, Mr. ODDIE, and Mr. HAYDEN conferees on the part of the Senate.

BOOKS FOR THE ADULT BLIND

Mr. SMOOT. Mr. President, there is a bill on the calendar, being House bill 13817, to amend section 1 of the act entitled "An act to provide books for the adult blind," approved March 3, 1931. I ask unanimous consent for the consideration of that bill.

The VICE PRESIDENT. The Senator from Utah asks unanimous consent for the present consideration of the bill, the title of which will be stated.

The LEGISLATIVE CLERK. A bill (H. R. 13817) to amend section 1 of an act entitled "An act to provide books for the adult blind," approved March 3, 1931.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. BLAINE. Mr. President, I am not entirely familiar with the bill, but I understand that it is a very brief one. I have received communications from some of the institutions for the blind under the jurisdiction of States, and my understanding is that those institutions object to the passage of the bill. I should like to be able to secure those communications and ascertain whether or not that is a fact.

Mr. SMOOT. I assure the Senator that the fact is just the reverse; and if he does not find that to be the case I will ask for a reconsideration of the matter to-morrow. The American Foundation for the Blind (Inc.) writes me the following letter, signed by its president:

The bill (H. R. 13817) has been reported out from Senator MERCALF's Committee on Education and Labor. This is the bill that you were good enough to present, permitting the use of funds appropriated for printing Braille books to be employed for talking books, as well, and phonograph records.

This is a marvelous invention, Mr. President. By means of it there are made available for the blind so-called "talking books" which can be put on a phonograph or a talking machine and reproduced just as plainly as if a person were talking.

Mr. BLAINE. Mr. President, if the Senator will withhold his request until I can send for the communications I have,

it will take only a few minutes. I will send over to my office immediately. I object for the time being.

The VICE PRESIDENT. The Senator objects for the present.

LEGISLATIVE APPROPRIATIONS

Mr. HALE. I move that the Senate proceed to the consideration of House bill 14562, being the legislative appropriation bill.

The VICE PRESIDENT. That would necessitate displacing the unfinished business, if the Senator wants to do that.

Mr. HALE. What is the unfinished business?

The VICE PRESIDENT. The so-called bankruptcy bill.

Mr. HALE. Then, I ask unanimous consent that the unfinished business may be temporarily laid aside and that the Senate proceed to the consideration of the legislative appropriation bill.

Mr. KING. Mr. President, I shall feel constrained to object unless the Senator assures us that the proposal meets with the approval of the Senator from Delaware [Mr. HASTINGS].

Mr. HALE. I think there is no question about that.

Mr. KING. If he does, he is entitled to the right of way.

Mr. HALE. I think he understands the situation.

Mr. KING. I would not want him to be taken advantage of in his absence.

Mr. HALE. I think there is no question of that, Mr. President.

Mr. FESS. The unfinished business could be brought before the Senate at any time.

The VICE PRESIDENT. The Chair understands the Senator from Maine to ask unanimous consent for the consideration of the bill referred to by him.

Mr. HALE. Yes.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 14562) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. HALE. I ask that the formal reading of the bill be dispensed with and that it be read for amendment, the amendments of the committee to be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. FESS. Mr. President, some Senators who are not present have suggested to me that they desire to be present when this bill is taken up. Therefore, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Johnson	Robinson, Ind.
Austin	Couzens	Kean	Russell
Bailey	Cutting	Kendrick	Schuyler
Bankhead	Dale	King	Sheppard
Barbour	Davis	La Follette	Shipstead
Barkley	Dickinson	Logan	Shortridge
Bingham	Dill	Long	Smith
Black	Fess	McGill	Smoot
Blaine	Fletcher	McKellar	Steiwer
Borah	Frazier	McNary	Stephens
Bratton	George	Metcalf	Swanson
Brookhart	Glass	Moses	Thomas, Idaho
Broussard	Glenn	Neely	Thomas, Okla.
Bulkeley	Goldsbrough	Norbeck	Townsend
Bulow	Gore	Norris	Trammell
Byrnes	Grammer	Nye	Tydings
Capper	Hale	Oddie	Vandenberg
Caraway	Harrison	Patterson	Wagner
Carey	Hastings	Pittman	Walcott
Clark	Hatfield	Reed	Walsh, Mass.
Coolidge	Hayden	Reynolds	Watson
Copeland	Hebert	Robinson, Ark.	White

The PRESIDING OFFICER (Mr. COUZENS in the chair). Eighty-eight Senators having answered to their names, a quorum is present. The clerk will read the bill.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, on page 10, line 19, to change the item for reporting the

debates and proceedings of the Senate from \$54,306 to \$55,312.

The amendment was agreed to.

The next amendment was, on page 10, line 26, after the name "Senate," to strike out "\$27,288" and insert "\$47,288," so as to read:

For repairs, improvements, equipment, and supplies for Senate kitchens and restaurants, Capitol Building and Senate Office Building, including personal and other services, to be expended from the contingent fund of the Senate, under the supervision of the Committee on Rules, United States Senate, \$47,288.

The amendment was agreed to.

The next amendment was, under the heading "Architect of the Capitol, Capitol Buildings and Grounds," on page 26, line 17, after the word "agent," to strike out "\$164,360" and insert "\$200,000," so as to read:

Senate Office Building: For maintenance, miscellaneous items and supplies, including furniture, furnishings, and equipment and for labor and material incident thereto and repairs thereof; and for personal and other services for the care and operation of the Senate Office Building, under the direction and supervision of the Senate Committee on Rules, acting through the Architect of the Capitol, who shall be its executive agent, \$200,000.

The amendment was agreed to.

The next amendment was, under the heading "Government Printing Office," on page 36, line 18, after the word "buildings" and the semicolon, to insert "for construction of a 1-story fireproof extension to the Government Printing Office on lots 813, 814, 828, square 624, District of Columbia, not to exceed \$25,500, to be paid from the working capital fund for the Government Printing Office," so as to read:

To provide the Public Printer with a working capital for the following purposes for the execution of printing, binding, lithographing, mapping, engraving, and other authorized work of the Government Printing Office for the various branches of the Government: For salaries of Public Printer and Deputy Public Printer; for salaries, compensation, or wages of all necessary officers and employees additional to those herein appropriated for, including employees necessary to handle waste paper and condemned material for sale; to enable the Public Printer to comply with the provisions of law granting holidays and half holidays and Executive orders granting holidays and half holidays with pay to employees; rents, fuel, gas, heat, electric current, gas and electric fixtures; bicycle, motor-propelled vehicles for the carriage of printing and printing supplies, and the maintenance, repair, and operation of the same, to be used only for official purposes, including operation, repair, and maintenance of motor-propelled passenger-carrying vehicles for official use of the officers of the Government Printing Office when in writing ordered by the Public Printer; freight, expressage, telegraph, and telephone service, furniture, typewriters, and carpets; traveling expenses; stationery, postage, and advertising; directories, technical books, newspapers and magazines, and books of reference (not exceeding \$500); adding and numbering machines, time stamps, and other machines of similar character; rubber boots, coats, and gloves; machinery (not exceeding \$300,000); equipment, and for repairs to machinery, implements, and buildings, and for minor alterations to buildings; for construction of a 1-story fireproof extension to the Government Printing Office on lots 813, 814, 828, square 624, District of Columbia, not to exceed \$25,500, to be paid from the working capital fund for the Government Printing Office.

The amendment was agreed to.

The next amendment was, on page 37, line 16, after the name "Government Printing Office," to insert "(except the appropriation herein made for 'Salaries, office of Superintendent of Documents')," so as to read:

In all, \$1,750,000, and in addition thereto the sums resulting during the fiscal year 1934 from the application during such fiscal year to the Government Printing Office (except the appropriation herein made for "Salaries, office of Superintendent of Documents") of the provisions of law relating to the legislative furlough, compensation reductions, and reduced differential for night work, to the extent of not to exceed \$1,000,000, shall be credited to the working capital for the fiscal year 1934 and shall be available for such fiscal year for the purposes of this paragraph; to which shall be charged the printing and binding authorized to be done for Congress, the printing and binding for use of the Government Printing Office, and printing and binding (not exceeding \$2,000) for official use of the Architect of the Capitol when authorized by the Secretary of the Senate; in all to an amount not exceeding this sum.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. HALE. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from Maine offers an amendment, which will be stated.

The CHIEF CLERK. On page 29, after the word "library," in line 4, it is proposed to insert:

Provided, That the quarters, heat, light, fuel, and telephone service heretofore furnished for the director's use in the Botanic Garden shall not be regarded as a part of his salary or compensation, and such allowances may continue to be so furnished without deduction from his salary or compensation, notwithstanding the provisions of section 3 of the act of March 5, 1928 (U. S. C., title 5, sec. 678), or any other law.

Mr. HALE. Mr. President, in the House the provision regarding the deduction of light, heat, and quarters from the salary of the Superintendent of the Botanic Garden was eliminated on a point of order. Unless it goes in this bill those items would have to be deducted from his salary. It is not fair that that should be done. In the past it has not been done.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Maine.

Mr. KING. I will ask the Senator from Arizona his view of the matter.

Mr. HAYDEN. Mr. President, this matter was considered in the committee, and the chairman was authorized to offer the amendment.

Mr. KING. I have no objection.

The amendment was agreed to.

Mr. COPELAND. Mr. President, on page 10, line 26, we have just adopted an amendment relating to the Senate kitchens and restaurants. I offer, as a further amendment, to insert the words "\$10,000 of which shall be immediately available."

The PRESIDING OFFICER. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered, and the amendment of the Senator from New York to the amendment will be stated.

The CHIEF CLERK. On page 10, line 26, after "\$47,288," and before the period, it is proposed to insert:

\$10,000 thereof to be immediately available.

Mr. HALE. Mr. President, I hope the amendment of the Senator from New York will be accepted. It is necessary for the prompt execution of the work.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. COPELAND. Mr. President, on page 26, line 17, I desire to call the attention of the Senate to a matter and let the Senate do as it pleases regarding it; but it relates to the roof of the Senate Office Building.

The roof of the Senate Office Building is of copper, but it was laid on galvanized-iron ribs. If Senators are interested, and will look at the samples which I present, they will see how the entrance of water and the rusting of the galvanized iron has resulted in the destruction of these ribs. The Architect of the Capitol says that in order to make the building safe the copper will have to be taken off, and a new and better arrangement of ribs arranged for and placed upon the roof.

I am perfectly satisfied for myself to let the matter go if the Senate so decides; but the condition is such that it requires constant expense to keep the roof from leaking, and all the time there is a chance that a wind storm might lift the entire roof off the building. It will cost \$62,000 to repair the roof, and the Senate must decide what it chooses to do regarding the matter.

Mr. HALE. Mr. President, I hope the Senator from New York will not insist upon the amendment. The committee went into this matter very thoroughly. The Architect of the Capitol told us that we could get along with temporary repairs on this roof for a matter of a year.

As far as the danger of the copper roof blowing off and doing damage to some outsider is concerned, I do not think we have to fear that. There is a railing around the outside of the roof, and the architect told me there was no chance that it might blow off into the street.

Mr. COPELAND. Mr. President, I am not going to press the matter, but I think the Senate ought to know exactly what the situation is. Then if we wake up some time and find the roof of the Senate Office Building in the Street, at least I shall have the satisfaction of knowing that the attention of the Senate has been called to the matter.

One other matter, Mr. President.

The PRESIDING OFFICER. Does the Senator offer an amendment on the subject just referred to by him?

Mr. COPELAND. No; I am not going to offer an amendment, unless somebody here has been inspired to want to do the thing which would protect the building. I know that the feeling of the architect is that in all human probability the roof will be there next year and perhaps another year. Nevertheless, it is right to protect him as well as to protect the committee by letting the Senate know the facts.

Mr. President, I am a member of the subcommittee of the Committee on Appropriations, having charge of the legislative bill, but I could not be present when the bill was written up. I was away attending a funeral.

In addition to what I have said I may remark that I have been asked by the leader on this side to serve as a subcommittee having charge of the Senate Office Building, temporarily, at least. The amount which the committee has allowed in line 17, page 26, is not sufficient to operate the old building and the new wing. Last year it cost \$164,360 to operate the old building. We have the new wing, which contains 26 suites of offices and committee rooms. The amount estimated by the Architect of the Capitol and the superintendent of the building for the operation of the new wing is \$35,640, which added to the amount which it cost to operate the old building the past year would absorb every cent of the \$200,000.

Mr. President, it is necessary to do some painting, and to take care of the moving of the effects of the Senators from the old building into the new wing, which will cost money, and some of the awnings are out of repair. More than that, there is but one motor to operate the elevators, there is no reserve motor, and if the present one were burned out, the elevators could not run. Repairs are necessary to the elevators which require some machine-shop equipment, and it has been estimated that an amount of \$15,500 in addition to the \$200,000 will be needed to operate the old building, plus the new wing, and take care of these things of which I have just spoken.

In view of what I have said, I move that the amount stated in the bill, \$200,000, on page 26, line 17, be increased to \$215,500.

Mr. HALE. Mr. President, as I understand it, next year the Senator is to have control, under the Committee on Rules, of the Senate Office Building.

Mr. COPELAND. Temporarily, at least.

Mr. HALE. I have every confidence in the Senator, and I believe that he will administer the building wisely. In view of the fact that we are trying to economize in every way possible, and are hoping the Senator can make some further economy in the operation of the building, can he not get along with the amount we have already provided in the bill?

Mr. COPELAND. I hope I can, but when I talk with the men who have operated the building, and they put before me figures which I have gone over repeatedly, I am forced to believe that the sum fixed is too low. Had I been in the meeting of the subcommittee when the bill was written up I should have made the same effort I am making here. I think the amount recommended is not sufficient.

I pledge to the Senate, as I have to my leader on this side, that, while I have the power to be reposed in me temporarily, I shall do all I can to economize. But it is unwise to ask an impossibility, and I think it is not unreasonable at all to ask that this sum be fixed as I have suggested.

Mr. ROBINSON of Arkansas. Mr. President, I believe the chairman of the committee should accept this amendment and let it go to conference.

Mr. HALE. Mr. President, it is the Senators on the other side of the aisle who will have charge, and if they believe

it is necessary, I will accept the amendment and take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from New York. The amendment was agreed to.

Mr. COPELAND. Mr. President, one more thing. I should like to have added to the amendment which has just been adopted the words "and \$1,000 shall be immediately available."

The purpose in asking for \$1,000 is to enable the superintendent of the building to have the doors cut in the old part of the building, so as to change the suites into 3-room suites.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HAYDEN. Mr. President, I ask that my amendment be laid before the Senate.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. The Senator from Arizona [Mr. HAYDEN] offers the following amendment:

Page 2, strike out lines 14 to 25, inclusive, and lines 1 to 16, inclusive, page 3, and insert:

"Salaries: Secretary of the Senate, including compensation as disbursing officer of salaries of Senators and of contingent fund of the Senate, \$8,000; chief clerk, who shall perform the duties of reading clerk, \$5,500 and \$1,000 additional so long as the position is held by the present incumbent; financial clerk, \$5,000 and \$1,000 additional so long as the position is held by the present incumbent; assistant financial clerk, \$4,200; minute and Journal clerk, \$4,500 and \$1,000 additional so long as the position is held by the present incumbent; principal clerk, \$3,600; legislative clerk, enrolling clerk, and printing clerk, at \$3,540 each; chief bookkeeper, \$3,600; librarian, \$3,360; executive clerk, and assistant Journal clerk, at \$3,180 each; first assistant librarian, and keeper of stationery, at \$3,120 each; assistant librarian, and assistant keeper of stationery, at \$2,400 each; clerks—1, at \$2,880 and \$300 additional so long as the position is held by the present incumbent, 3 at \$2,880 each, 2 at \$2,640 each, 1 at \$2,400, 4 at \$2,040 each, 2 at \$1,740 each; messenger in library, \$1,380; special officer, \$2,460; assistant in library, \$1,740; laborers—1 at \$1,620, 5 at \$1,380 each, one in secretary's office, at \$1,680; in all, not to exceed \$106,060.

"DOCUMENT ROOM

"Salaries: Superintendent, \$3,960; first assistant, \$3,360; second assistant, \$2,400; four assistants, at \$1,860 each; skilled laborer, \$1,380; in all, not to exceed \$16,995."

Page 4, line 2, strike out "\$2,580" and insert "\$2,880."

Page 4, line 4, strike out "\$1,800" and insert "\$1,500."

Page 7, strike out lines 16 to 25, inclusive, all of page 8, and lines 1 to 4, inclusive, page 9, and insert:

"Salaries: Sergeant at Arms and Doorkeeper, \$8,000; 2 secretaries (1 for the majority and 1 for the minority), at \$5,400 each; 2 assistant secretaries (1 for the majority and 1 for the minority), at \$4,320 each; Deputy Sergeant at Arms and storekeeper, \$4,440; clerks—1, \$2,640, 3 at \$1,800 each; messengers—3 (acting as assistant doorkeepers, including 1 for the minority), at \$2,400 each, 30 (including 2 for minority), at \$1,740 each, 4, at \$1,620 each, 1 at card door, \$2,400, and \$480 additional so long as the position is held by the present incumbent; 2 special messengers, at \$1,800 each; clerk on journal work for CONGRESSIONAL RECORD, to be selected by the official reporters, \$3,360; upholsterer and locksmith, \$2,400; cabinetmaker, \$2,040; 3 carpenters, at \$2,040 each; janitor, \$2,040; 6 skilled laborers, at \$1,680 each; laborer in charge of private passage, \$1,680; 3 female attendants in charge of ladies' retiring rooms, at \$1,500 each; 3 attendants to women's toilet rooms, Senate Office Building, at \$1,500 each; telephone operators—chief, \$2,460, 11, at \$1,560 each; laborer in charge of Senate toilet rooms in old library space, \$1,200; press gallery—superintendent, \$3,660; assistant superintendent, \$2,520; messengers for service to press correspondents—1, \$1,740, 1, \$1,440; laborers—3, at \$1,320 each; 25, at \$1,260 each; special employees—6, at \$1,000 each; 21 pages for the Senate Chamber, at the rate of \$4 per day each, during the sessions, \$13,937; in all, not to exceed \$216,691.

"Police force for Senate Office Building under the Sergeant at Arms: Special officer, \$1,740; 16 privates, at \$1,620 each; in all, not to exceed \$25,355.

"POST OFFICE

"Salaries: Postmaster, \$3,060; assistant postmaster, \$2,880; chief clerk, \$2,460; wagon master, \$2,040; 20 mail carriers, at \$1,620 each; in all, not to exceed \$39,270.

"FOLDING ROOM

"Salaries: Foreman, \$2,460; assistant, \$2,160; clerk, \$1,740; folders—chief, \$2,040, 14 at \$1,440 each; in all, not to exceed \$26,180.

"The provisions of the legislative pay act of 1929 are hereby amended so as to correspond with the changes made by this act

in the designations and rates of salary of certain positions under the Senate. This paragraph shall be effective from and after March 16, 1933."

Mr. HAYDEN. Mr. President, I was directed by the minority leader, the senior Senator from Arkansas [Mr. ROBINSON], to examine into the various positions in the offices of the Secretary of the Senate and of the Sergeant at Arms, to see whether it was possible to bring about some retrenchment in expenditures. I am glad to say that the savings proposed in the amendment I have offered are greater than was expected.

I had pay rolls made up showing not only the positions but where the persons holding the positions actually worked. To illustrate the way in which certain savings will be brought about if the amendment is agreed to, I might begin by pointing out the situation with respect to messengers on the pay roll of the Senate.

Messengers act as doorkeepers. There are nine openings to the Senate gallery. Two messengers are required at each opening, so that the services of 18 men are required. There are 5 openings to the Senate Chamber; there are 2 messengers at each door, which means 10 more. There are messengers stationed at the foot of the two private stairways. That makes a total of 30.

There are 38 messengers on the Senate pay roll. Each of them is now paid a basic salary of \$2,040 a year. Persons on the House pay roll acting as messengers, performing the same identical service as those in the Senate, receive salaries of \$1,740 per annum.

My amendment proposes to do away with 8 messengers' positions and to reduce the salaries of the 30 remaining upon the pay roll so that their salaries will be exactly the same as that received by messengers for the House of Representatives.

In the case of the Senate post office, I found a different situation. Under existing law there are 7 postal employees, called mail carriers. There are actually 21 employees in the post office, and that number is required, because they work four shifts to handle a very large quantity of mail, beginning at 3 o'clock in the morning, through the day, and into the night. I found salaries there varying from \$2,040 to \$1,250. By equalizing the salaries so that there should be equal work for equal pay, and providing for an adequate force in the office, there is still a saving of over \$500.

In the case of the Senate document room, it is possible by a rearrangement of salaries to make a saving and to pay the employees at the same rate paid to employees in the document room of the House of Representatives.

Mr. President, these illustrations demonstrate the method which is followed generally in the amendment, with the result that there will be a net saving in the office of the Secretary of the Senate of \$16,080 per annum, and in the office of the Sergeant at Arms of \$17,520 per annum, or a total annual saving of \$33,600, still providing an adequate force of attaches for the Senate.

One provision of the amendment is that these changes in compensation shall take place upon the 15th of March next. By so providing there will be an additional saving of \$9,800 between the 15th of March and the end of the fiscal year on the 30th of June, or a total saving in the next 15½ months of \$43,400.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona.

The amendment was agreed to.

Mr. NYE. Mr. President, on page 30, line 24, in the paragraph dealing with the legislative reference service, I move to amend by increasing the amount, so as to read "\$68,365."

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 30, line 24, the Senator from North Dakota proposes to strike out "\$61,875" and to insert in lieu thereof "\$68,365," so as to read:

LEGISLATIVE REFERENCE SERVICE

To enable the Librarian of Congress to employ competent persons to gather, classify, and make available, in translations, in-

dexes, digests, compilations, and bulletins, and otherwise, data for or bearing upon legislation, and to render such data serviceable to Congress and committees and Members thereof, including not to exceed \$5,700 for employees engaged on piecework and work by the day or hour at rates to be fixed by the Librarian, \$68,365.

Mr. NYE. Mr. President, this matter was given some consideration in the committee, yet there was a feeling at the time that the increase was one not being sought by the Librarian, and that no encouragement had been given by the library people themselves looking to such an increase.

Mr. President, when it developed that there was a seeming resignation to the figure which had been written into the bill, I wrote to the Librarian asking him briefly what the effect of this continued cut would be, and won from him, under date of February 16, the following response:

LIBRARY OF CONGRESS,
Washington, February 16, 1933.

MY DEAR SENATOR NYE: I have your note of this morning asking the effect of the cut of \$6,490 (made for this year, and continued in the pending legislative bill) in the appropriation for our legislative reference service.

All of the appropriation is for personnel. The effect, therefore, will be to reduce this during the final quarter of this year and for the year beginning July 1. The impending extra session renders this peculiarly unfortunate; but it is also unfortunate on principle, the staff at its normal being a small one and carefully balanced.

The service is to Congress itself. It is greatly valued by certain committees and by numerous Members—and is actively drawn upon by a majority of the latter in each House. The recent demands made upon it have been overwhelming; for at no time has there been such anxious study of the principles expounded, and the experience recorded, in books.

The service constitutes apparatus—a tool for the use of Congress itself. It is a pity to impair that tool when its efficiency is of such immediate consequence.

Faithfully yours,

HERBERT PUTNAM, Librarian.

NOTE.—The volume and range of the demands are indicated by the list of recent inquiries of which I inclose a copy. Many of them required elaborate research by people with special training in history, law, economics, and foreign languages, and familiar with our collections and our bibliographic apparatus. Such people, if dropped, can not be summarily replaced.

I can see, as all Members of the Senate see, the need for a reduction in the general expenditures from the high figures to which the appropriations have mounted during the last half dozen years; but I should like to call attention to the fact that in the case of the reference service there has been no such increase during recent years as has been the case with other departments of the Government. In 1925 the Legislative Reference Service was afforded an appropriation of \$56,000, which has increased up to the present time to \$61,875. At one time it was \$67,500.

In view of the splendid service Members of Congress and the committees of Congress are receiving from that service, I hope most earnestly that the chairman of the committee may take the amendment which I have proposed and seek to accomplish that improved service or continued service so much to be desired.

Mr. HALE. Mr. President, did not the Senator, in reading the letter, read some language to the effect that this appropriation was to be used for the coming special session of Congress?

Mr. NYE. Yes.

Mr. HALE. Of course, the appropriation in the bill is for the next fiscal year, beginning July 1.

Mr. NYE. I understand; but the plans for this year have been largely built on the understanding of what they were going to have to get along without in another year, and a six weeks' furlough is in prospect right at the time when the new Congress will be convening in special session, if I may call that to the attention of the Senator.

Mr. HALE. Was there not something said at the hearings before the Appropriations Committee about several employees who would be taken care of by this item who were doing work with another department?

Mr. NYE. Yes, there was a reference to the possible transfer from the index to State legislation service, but I have been studying the Budget figures and have found that the estimates were providing to cover that item a rather limited amount:

Legislative reference: Increase incident to the transfer of certain positions upon the completion of index to Federal statute, \$1,740.

That has not been increased by either House.

Mr. HALE. So far as I am concerned, I have no objection to taking the matter to conference, but I am quite sure the House will not accept it.

Mr. NYE. As long as the chairman has indicated a willingness to take it to conference, I ask unanimous consent to have printed in the RECORD a memorandum which has been prepared covering the entire subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

The memorandum is as follows:

1. The appropriation of \$61,875 for the Legislative Reference Service in the pending legislative appropriation bill presumably represents the same amount as was appropriated for the year ending June 30, 1933 (the present fiscal year), less 8½ per cent deducted from the original amount itself rather than through a subsequent impounding process now in operation under the economy program.

2. The appropriation of \$67,500 provided for the present fiscal year is short approximately \$7,500 of the appropriation for the previous fiscal year, although there have been materially increased demands upon the service by Members of the House and Senate and a correspondingly necessary increase in the personnel.

3. The shortage of \$7,500 in the appropriation for the current fiscal year is due to a misapprehension and error arising in the Senate at the time of the passage of the legislative appropriation bill as to the manner of applying the proposed 8½ per cent reduction under the economy program, for, after deducting approximately 12 per cent in the bill as reported from the Senate, the later adoption of the legislative furlough caused an additional curtailment of 8½ per cent, as contemplated under the principles of the economy program.

4. The result of the foregoing legislative activity has been to reduce the appropriation for the Legislative Reference Service during the current fiscal year by a net sum of approximately \$15,000, or 20 per cent, a part of which, 8½ per cent, is covered by the legislative furlough applying to all departments of the Government, the remainder must be made up by an administrative furlough of six weeks for the entire staff of the service.

5. This administrative furlough of six weeks to be imposed upon the entire personnel of 35 members of the Legislative Reference Service should be contrasted with the fact that although the Legislative Reference Service is a direct service of the Congress, the work of which is exclusively for the benefit of Congress, the library proper, comprising a personnel of approximately 800 members, is operating under an actually increased appropriation during the present fiscal year.

6. So that, while 800 members of the library personnel will not be required to take an administrative furlough, and although many members of the personnel of the library proper were given increased salaries through reallocations, the entire personnel of the Legislative Reference Service—only 35 in all—will be compelled to take an administrative furlough of six weeks. This despite the fact that all are employed in the Library of Congress and directly under the Librarian of Congress. Why should the Legislative Reference Service be singled out for a reduction?

7. Since the legislative reference service functions exclusively for the Members of the Congress, and directly upon the demands of the Members of Congress, and since these demands have been so numerous and so urgent, it has so far been impracticable to put the administrative furlough into operation. Unless Congress makes immediate provision for the exigency it will be necessary to shut the entire service down temporarily for a period sufficiently long to take care of the administrative furlough.

8. It is imperative to observe that although the work of the legislative reference service is exclusively for the Congress, and although it responds exclusively to the demands of the Congress, the Library of Congress proper has many departments, such as, rare book, aeronautics, fine arts, music, orientalia, Semitic literature, and Smithsonian divisions; a European representative, consultants in church history, Chinese history, culture, paleography, classical literature, Spanish literature, etc. These divisions of the Library proper have so many ramifications that they can not properly be regarded as of particular service to Congress.

9. If the appropriation for the legislative reference service contemplated in the pending bill prevails it will be necessary for the service to impose during the next ensuing year administrative furloughs for as long a period as for the present fiscal year, plus such additional furlough as will become imperative through the resumption by the service of such salaries as are at present being provided for by special appropriations to cover the cost of preparing the index to the Federal statutes for printing. The salaries for the personnel engaged in this duty will thus increase the burden upon the legislative reference service unless outright dismissals are provided for.

10. Thus, the question before Congress is: Does Congress desire to lose the benefit and services rendered by the legislative reference service by the failure to provide the small sum of \$15,000, without which the service must be temporarily suspended? Congress has provided generously for the Library of Congress proper,

although, as indicated, the Library may no longer be regarded as exclusively of service to Congress.

11. No other Federal agency is comparable with the legislative reference service. No other Federal agency renders such service, nor is equipped to render such service as is rendered by the legislative reference service. The legislative reference service is a fact-finding research service to the Congress itself. It is exclusively the agency of the Congress.

12. On February 10, of this year, Senator FESS, of Ohio, in addressing the Senate upon the subject of the Library of Congress emphasized the fact that the legislative reference service receives only the small sum of \$75,000, yet renders valuable service to the Congress. As Senator FESS manifestly regarded the small sum as hardly adequate to the needs of the service it is manifest that he would be shocked to learn that even the small sum is at present reduced \$15,000, and that no greater sum than \$61,875 is contemplated for the next ensuing fiscal year.

13. If the appropriation for the legislative reference service for the next ensuing fiscal year be retained at the low sum proposed in the pending bill, one of two alternative courses will become imperative:

(1) An administrative furlough of two months or longer, despite the provision in the present economy act that furloughs shall not be in excess of 60 days, or,

(2) The absolute dismissal of at least five members of a staff having a total personnel of only 35 in all.

14. The work of the legislative reference service should be carefully distinguished from the work of the Library of Congress proper. The function of the legislative reference service is exclusive service to the Congress based upon the requirements of Congress in connection with every problem. The functions of the Library of Congress, on the contrary, are anything but an exclusive service to the Congress. The Library of Congress has long since assumed the characteristics and functions of a national university; its activities are widely diversified, and its ramifications are extensive.

15. The legislative reference service should not be lost sight of in the vastly ramified operations, functions, and activities of the Library of Congress. It is the legislative reference service which informs Congress with respect to problems concerning legislation. The legislative reference service should not be made to suffer a reduction in a small appropriation of only \$61,875, nor a reduction in a small personnel of only 35, when the appropriation for the Library of Congress has been increased in amount and its personnel of 800 will not be compelled to suffer any reduction except that of the legislative furlough.

Mr. BYRNES. Mr. President, unfortunately we can not hear the discussion between the Senator from North Dakota and the Senator from Maine, who is in charge of the bill. We would like to know to what the amendment refers. If the Senator from Maine is going to accept the amendment I would like to know what it is.

Mr. HALE. We have already had the amendment before us.

Mr. BYRNES. I ask that it may be read again.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. On page 30, line 24, the Senator from North Dakota proposes to strike out "\$61,875" and insert in lieu thereof "\$68,365."

Mr. NYE. Was the Senator absent from the Chamber when the letter from the librarian was being read?

Mr. BYRNES. I did not hear it read. If it has been read, I certainly did not hear it. Is this the amendment urged in the committee to compensate certain employees who have not been engaged in this work but whom we now propose should be returned to the work?

Mr. NYE. No. As nearly as can be gained from the estimates that were prepared by the Bureau of the Budget, the employees in that service dealing with the indexing of State legislation are not cared for under the amendment.

Mr. BYRNES. What is the explanation for the increase in the amount?

Mr. NYE. To provide for a continuation of the reference library in keeping with the service that we have been receiving from it in times past.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota.

The amendment was agreed to.

Mr. REED. Mr. President, on page 33, line 14, I move to strike out "\$30,000" and insert "\$50,000." This is the amount of the Budget estimate for the law library in the Library of Congress. As Senators know, that library is one which we ourselves use, which is used by the Members of the House, and which is used by the Supreme Court as well. The amount ought to be \$75,000, and that has been strenu-

ously urged by the American Bar Association and by other groups of lawyers, the Federal Bar Association, and the American Patent Law Association. Some of the justices of the Supreme Court have urged that we make the amount much higher. The Budget estimate, however, was held down to \$50,000; but for some reason not explained the committee cut it down further \$20,000. That is only about one-half of what is required to keep up a law library in a first-class university.

Our law library is notably deficient in many respects. About \$400,000 would be required to purchase books that are obviously needed to round out the library. Of course, in these times we could not dream of asking for an appropriation so large, but it certainly is reasonable to ask the Congress to comply with the Budget estimate, which I find on page 15 of the Budget message of this year, and to give the \$50,000 which is urgently needed.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania.

The amendment was agreed to.

Mr. FESS. Mr. President, I desire to ask the chairman of the committee whether provision for the annex to the Library was discussed in the committee.

Mr. HALE. Mr. President, it was discussed in the committee at length, and, while we thought there was a great deal of merit in it, the general policy was not to go ahead with the building program at the present time. The committee decided we could get along without it at any rate for another year.

Mr. FESS. Mr. President, about five years ago we authorized the purchase of land for what we call the Annex to the Library, and also we authorized an addition to the present building. The authorization had no opposition in the Senate at all. While we authorized appropriations at that time, yet the appropriations have never been made. The authorizations amounted to about \$6,500,000. We authorized, also, the appropriation necessary to buy the land, and that appropriation was made and the land was bought. Three years ago the authorization was made to proceed with the construction of the addition. We are now completing the addition to the present building, and it evidently will be completed in the next year. The appropriation is made in this bill of about \$325,000 to complete the addition.

I think there was a general misunderstanding as to what the addition is to be. It is to have on one floor the bibliographic work, which will be the finest in the world when completed. On another floor is to be exchange work, the mailing, and so on, in which millions of items will be dealt with each year. On one of the floors is the union catalogue. I think the committee did a fine thing in making provision to complete that work.

But I notice the committee have omitted entirely the provision for even the beginning of the construction of the annex. That is a part of the original authorization. I had hoped we might have about \$1,675,000 to go on with it. I find that there is so much opposition to it because of the economy program that it was suggested that we might have an appropriation of \$422,000 to begin the construction of it—the excavation, and so on.

Mr. HALE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Maine?

Mr. FESS. I yield.

Mr. HALE. The Senator realizes, of course, that with the appropriation of \$400,000 to \$500,000 at the present time, next year we will be called upon to go ahead and complete the project. It seems to me in these times we ought to do as little as possible of that work.

Mr. FESS. The project is already begun.

Mr. HALE. It is only begun to the extent that we have bought the site. We have not begun the building.

Mr. FESS. We have the addition feature of it in process that will be completed next year.

Mr. HALE. But the annex has not been touched.

Mr. FESS. The annex and the addition are one project. We have never separated the two. In the original authori-

zation they were considered as one project. They are to be connected by a tunnel. We are just building one end of it and not the other.

Mr. HALE. But they are not actually in the same building. They may be connected by a tunnel.

Mr. FESS. It is the same building. It is not connected physically above ground.

Mr. HALE. It will do no harm to the addition if the annex is not started this year.

Mr. FESS. Mr. President, I had not expected to have that sort of statement made. Here is the project started. One part of it will be completed next year, and the other part of it is not even allowed to be begun. My concern is to have the authorization go on and at least begin the other end of the project, one end of which will be completed this year. I had hoped that the economy urge would not be sufficient that we would stop the construction of the Library project. We do not stop the construction of the other buildings. We are going on with them and that is proper. I had hoped that this unusual undertaking in connection with the Library would have the same treatment that we have given elsewhere. In order to test the committee I am going to offer an amendment.

On page 28, line 24, after the numerals "\$325,000,000" add these words:

And for the construction of the annex, \$422,000.

That makes the appropriation so we can go on with the work which we authorized three years ago, a part of which is already undertaken and will be completed this year. This is to begin the other end of the project.

Mr. BYRNES. Mr. President, I only desire to say that the committee considered the matter. We have great sympathy with the view expressed by the Senator from Ohio. The committee was of the opinion at this time, when we are pursuing a policy of economy in every other branch of the Government, that when we came to the legislative branch of the Government we should attempt to follow the same policy that we exercised as to the other departments of the Government. The matter was discussed at length and we determined that at this time, no matter how deserving or how desirable the project might be, the question was whether it is absolutely essential that it be done this year. We concluded that under the existing situation it is not an absolutely essential project at this time and could well wait until the next fiscal year. That was the motive actuating the committee in not making the appropriation, and I hope it will prevail here.

The VICE PRESIDENT. The question is on the amendment of the Senator from Ohio.

The amendment was rejected.

The VICE PRESIDENT. The bill is open to further amendment. If there be no further amendments the question is, Shall the amendments be engrossed and the bill be read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

AMENDMENT OF BANKRUPTCY ACT

The Senate resumed the consideration of the bill (H. R. 14359) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Mr. HASTINGS. Mr. President, the bill contains two sections, with the two sections that were stricken out by the committee as the bill came from the House.

Mr. ROBINSON of Arkansas. Mr. President, would the Senator from Delaware like to have a quorum present?

Mr. HASTINGS. I was about to make an inquiry. It has been suggested to me that all of the Senators are very much interested in the bankruptcy bill; that it is quite late in the day, and the chances are that many of the Senators would prefer to finish their mail and do other work in their offices, and that it might be better to wait until to-morrow morning before I undertake to explain the provisions of the bill.

Mr. ROBINSON of Arkansas. Mr. President, I think if the bill goes over until to-morrow we ought to meet not later than 11 o'clock a. m. How does the Senator from Delaware feel about that?

Mr. HASTINGS. That is perfectly satisfactory to me.

Mr. FESS. I suggest to the Senator from Arkansas that he make that motion.

RECESS

Mr. ROBINSON of Arkansas. Very well, Mr. President. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 4 o'clock and 15 minutes p. m.) the Senate took a recess until to-morrow, Friday, February 24, 1933, at 11 o'clock a. m.

NOMINATION

Executive nomination received by the Senate February 23 (legislative day of February 21), 1933

UNITED STATES CIRCUIT JUDGE

Seth W. Richardson, of North Dakota, to be United States circuit judge, eighth circuit, to succeed Arba S. Van Valkenburgh, retired.

HOUSE OF REPRESENTATIVES

THURSDAY, FEBRUARY 23, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We approach Thee again, our Father in heaven and our Father on earth. Thy protecting arm has been about us, and we thank Thee. To-day, if trials come, if temptation meets us, let them not stain our souls by gaining mastery over us. Create within us a noble passion to serve Thee and a fine idealism of life. Through the span of this day, that reaches from dawn to dark, may it not be broken by harsh discords. O lead us in that pathway that brings gladness at the first and glory at the last. O God of love and God of mercy, bless abundantly the loves of our hearts and the centers of our homes. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed a bill and joint resolution of the following titles, in which the concurrence of the House is requested:

S. 5408. An act relating to the revolving fund established by the joint resolution of December 21, 1928, for the relief of Puerto Rico; and

S. J. Res. 183. Joint resolution to amend a joint resolution entitled "Joint resolution for the relief of Puerto Rico, approved December 21, 1928," as amended by the second deficiency act, fiscal year 1929, approved March 4, 1929.

The message also announced that the Senate had agreed to the amendments of the House to a joint resolution of the Senate of the following title:

S. J. Res. 48. Joint resolution to authorize the acceptance on behalf of the United States of the bequest of the late William F. Edgar, of Los Angeles County, State of California, for the benefit of the museum and library connected with the office of the Surgeon General of the United States Army.

HOURLY MEETING

Mr. RAINEY. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. RAINEY. Mr. Speaker, I simply want to make the statement to the House that the condition of business is such that it will be necessary for the House to remain in session each day, in all probability, until 6 o'clock in the afternoon